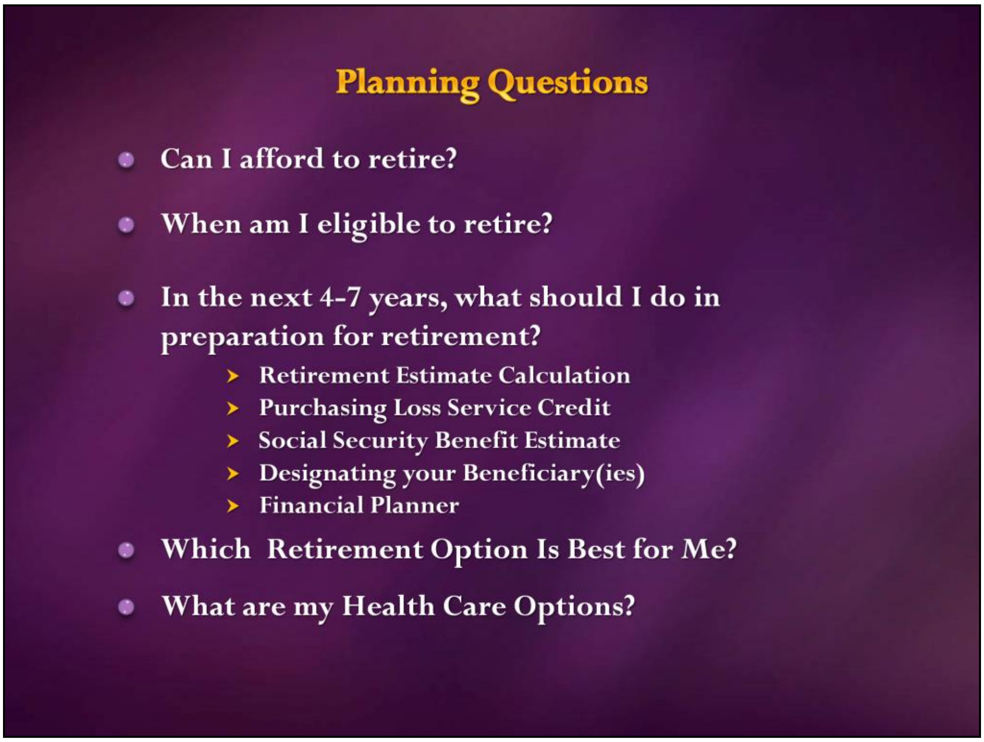
Welcome to the Seattle City Employees Retirement training, "Planning for Retirement". This presentation is designed for vested members who are 4 to 7 years from retirement.

During this session, you will be provided with information to help you evaluate your readiness for retirement and what steps you might want to consider as you plan for the future.



During this session, we will explore the following planning questions.

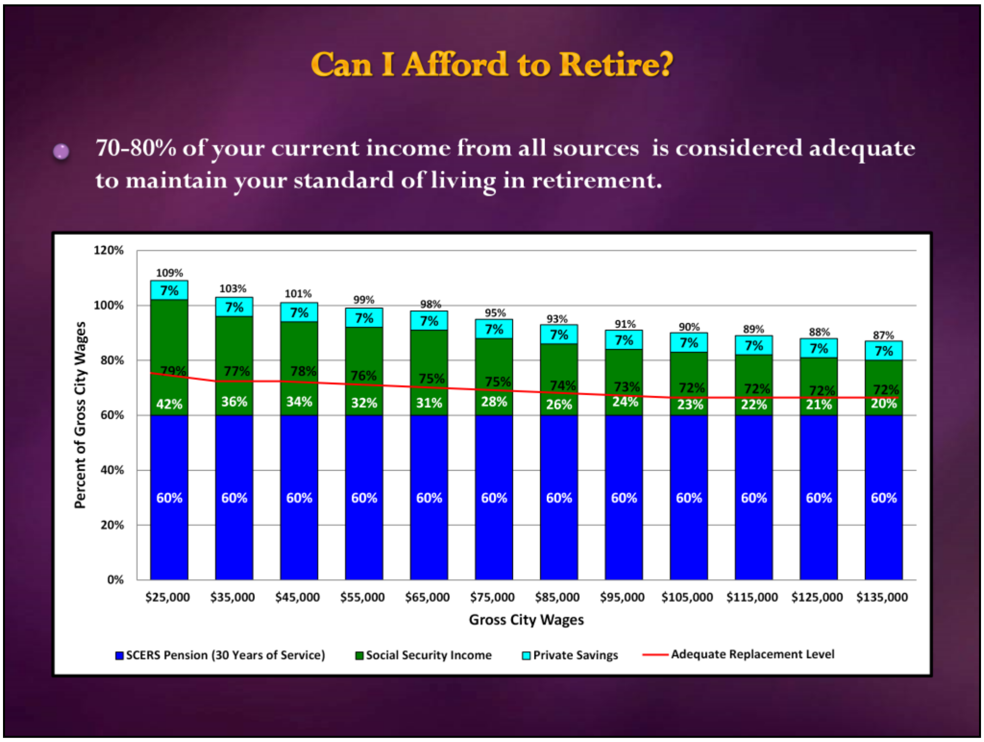
- First and foremost "Can I afford to retire?" This discussion will help you understand what most retirement experts say is necessary to maintain your standard of living during retirement. We will discuss replacement income as well as health care costs and conclude with strategies to improve your financial readiness for retirement.

- Then we will explore the question, "When am I eligible to retire" and help you understand how to track increases in the percentage used for your benefit calculation.

- We will discuss steps you may want to consider during the next 4-7 years to be better prepared for retirement. These include getting a retirement estimate, buying back service credit, getting your social security benefit estimate, designating your beneficiaries and consulting with a financial planner.

- To better prepare for some of the choices you will need to make at retirement, we will explore each of the Retirement Options available so you can begin to evaluate which one will best meet your needs.

- Finally, we will discuss what health care options you will have once you retire.



Let's explore the question of whether you can afford to retire.

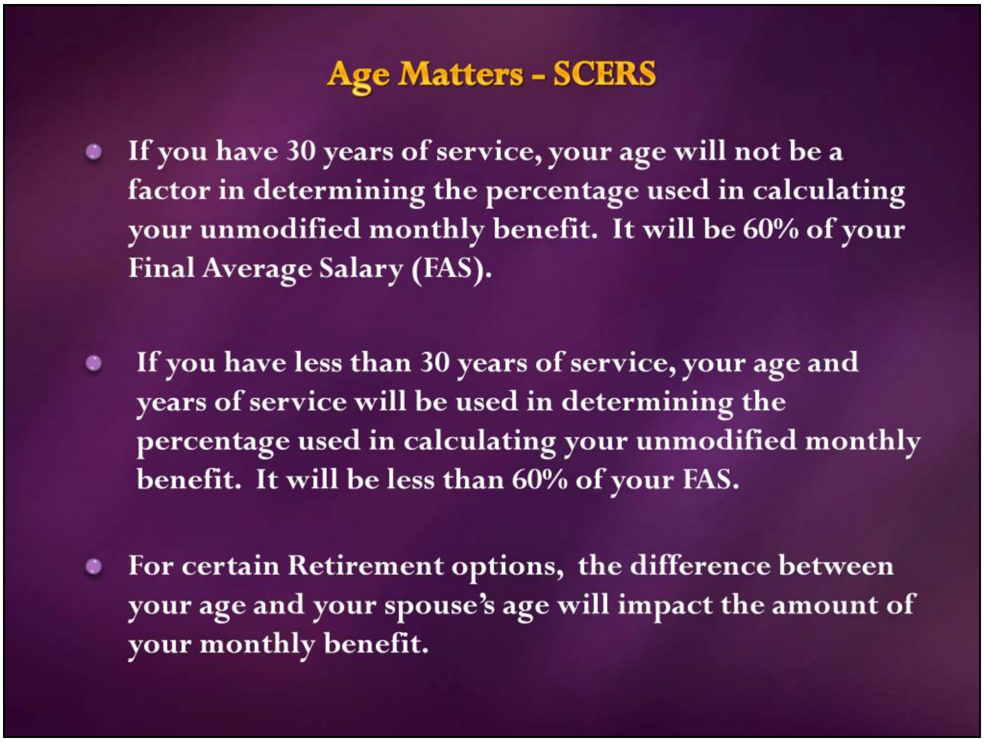
- If you ask most Retirement /Financial Planners, they will tell you to plan on having 70-80% of your current income from all sources to maintain your standard of living in retirement.

- So, what might this mean for you. Let's take the case of an unmarried member who retires at age 65 after 30 years of service and starts receiving his Social Security immediately.
  - ✓ The blue area in this chart represents the City pension. Keep in mind that this person retired with 30 years of service so his monthly benefit will be 60% (of an average of his 24 consecutive highest months of pay). If you have fewer years of service, this percentage will be lower.
  - ✓ The green section which represents the Social Security benefit may differ depending on your overall work history and your age when you begin collecting Social Security. In this scenario, the person's Social Security has been slightly reduced because he has taken it one year prior to reaching full SS retirement age. Therefore, there is a reduction. If a person works longer and delays drawing social security , this percentage will be higher.
  - ✓ The aqua area which represents your own savings through deferred comp, an IRA or other savings account, may vary or may be non-existent.
  - ✓ The red line marks the "adequate replacement income level". Overall, this chart will give you a good comparator when you begin to think about what percentage of income you will have in retirement from all your sources of income.

Service Credit in SCERS Needed to Meet Adequate Retirement Income

Gross City Wages	Eligible Years of City Service Required to Reach Adequate Income Replacement Level	SCERS Pension	Social Security Benefit	Total (Adequate Level)
$25,000	18.8	37.7%	41.6%	79.3%
$35,000	20.1	40.2%	36.5%	76.6%
$45,000	22.1	44.2%	33.6%	77.9%
$55,000	21.9	43.8%	31.8%	75.6%
$65,000	22.4	44.8%	30.7%	75.5%
$75,000	23.4	46.9%	27.7%	74.6%
$85,000	24.0	48.0%	25.8%	73.8%
$95,000	24.4	48.9%	24.2%	73.1%
$105,000	24.7	49.4%	23.0%	72.4%
$115,000	25.1	50.1%	21.9%	72.1%
$125,000	25.4	50.8%	21.1%	71.9%
$135,000	26.1	52.1%	19.5%	71.7%

- This chart is another way to think about reaching an adequate replacement income. Like the previous one, it assumes you are 65.
- In the first column, find your gross annual salary.
- Then in the second column, which is highlighted in yellow, you will find the number of creditable years of service you would need to earn in order to reach the adequate replacement level.
- For example, if you were making an annual salary of $55,000 at age 65, you would need 21.9 years of creditable service in order to reach an adequate replacement level – This would be 43.8% from your pension and 30.7% from SS.
- Between these two charts – it should help you to begin to assess your financial readiness. If you consider when you want to retire and how many years of service you will accrue by that time, you should be able to determine the percentage you will have from your pension in retirement. Your Social Security will vary depending on your overall work history and whether you have to take reductions for early retirement, but it still will give you a ballpark look at what you might have available for replacement retirement income.

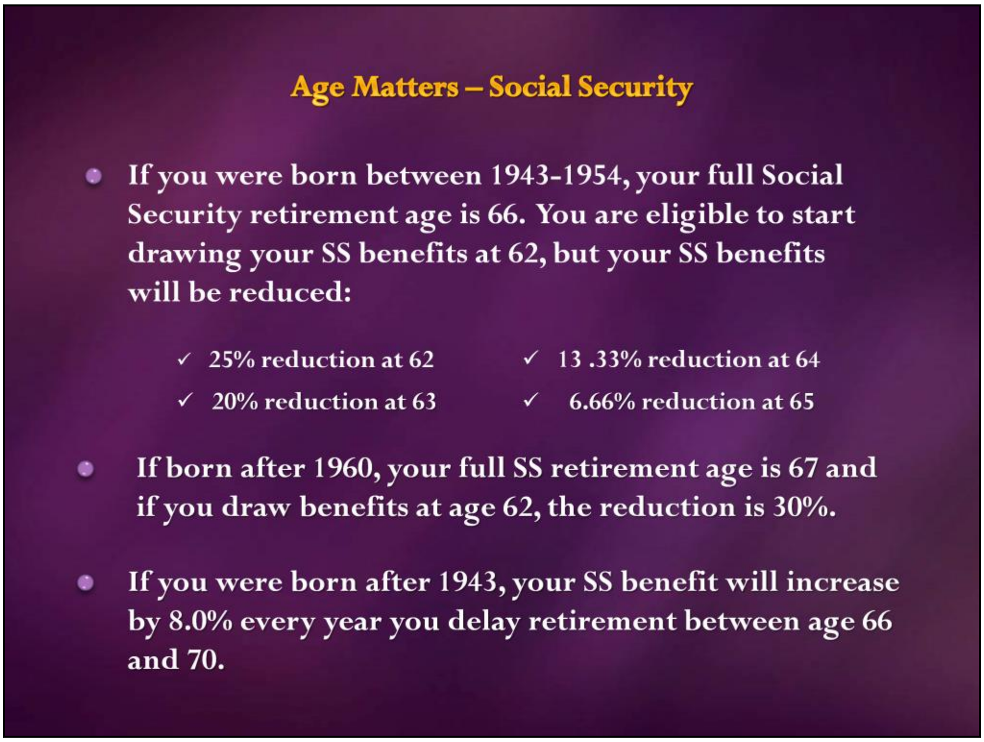


When you are thinking about retirement, remember, in most instances “AGE DOES MATTER”.

- In the pension plan, if you have 30 years of service, your age actually won’t be a factor in determining the percentage used in calculating your unmodified benefit . It will be 60% of your Final Average Salary which is an average of your highest 24 months of pay.

- However, if you have less than 30 years of service credit, your age and years of service will be used in determining the percentage used to calculate your unmodified monthly benefit. It will be less than 60%. We will review this in more detail later.

- When you get ready to retire, you will have to select a retirement option. For certain options, age is important. For example, if you are married and select Option D or E, the difference between your age and your spouse’s age will impact how much your monthly benefit will be. The larger the difference, the smaller your benefit since the length of time you and/or your spouse will be receiving benefits will be a longer period of time.



- When you draw your Social Security, age is a significant factor. If you start drawing benefits before you reach your full social security age, your benefits will be reduced.
  - ✓ For example, if you were born between 1943 and 1954, your full Social Security retirement age is 66. You are eligible to draw SS benefits as early as 62, however, your benefits will be reduced.

    There will be a reduction of:

    25% at 62,
    20% at 63
    13.33% at 64
    6.66% at 65

  - ✓ If you were born after 1960, your full SS retirement age is 67 and if you draw benefits at age 62, your reduction is 30%.

- Remember, these reductions continue for the rest of your life. So you can see that it could be quite costly for you to retire before your full SS retirement age.

- On the other hand, if you can delay retirement, your SS benefit will increase for every year you delay between your full SS retirement age and age 70.

  - ✓ So if you were born after 1943, your SS benefit will increase by 8.0% every year between age 66 and age 70.

Overall you have to decide what makes the most sense for you; draw a smaller benefit for a longer period of time; or draw a larger benefit for a shorter period.

Health Care Costs

Projected Medicare Premiums and Out-of-Pocket Costs

2011 Retiring City Wage	2011, Age 65 $3,978		2021, Age 75 $6,859		2031, Age 85 $11,699		2041, Age 91 $19,856	
	Retirement Income - All Sources	% to Health Care	Retirement Income - All Sources	% to Health Care	Retirement Income - All Sources	% to Health Care	Retirement Income - All Sources	% to Health Care
$ 25,000	$ 27,236	15%	$ 33,249	21%	$ 40,748	29%	$ 50,138	40%
$ 35,000	$ 36,324	11%	$ 44,166	16%	$ 53,907	22%	$ 66,056	30%
$ 45,000	$ 45,411	9%	$ 55,084	12%	$ 67,067	17%	$ 81,973	24%
$ 55,000	$ 54,498	7%	$ 66,001	10%	$ 80,227	15%	$ 97,890	20%
$ 65,000	$ 63,722	6%	$ 77,098	9%	$ 93,623	12%	$ 114,119	17%
$ 75,000	$ 71,267	6%	$ 85,983	8%	$ 104,103	11%	$ 126,504	16%
$ 85,000	$ 79,102	5%	$ 95,249	7%	$ 115,087	10%	$ 139,554	14%
$ 95,000	$ 86,937	5%	$ 104,516	7%	$ 126,071	9%	$ 152,604	13%
$ 105,000	$ 94,722	4%	$ 113,783	6%	$ 137,055	9%	$ 165,654	12%
$ 115,000	$ 102,607	4%	$ 123,050	6%	$ 148,039	8%	$ 178,703	11%
$ 125,000	$ 110,442	4%	$ 132,317	5%	$ 159,023	7%	$ 191,753	10%
$ 135,000	$ 117,243	3%	$ 140,222	5%	$ 168,211	7%	$ 202,436	10%

Another significant cost consideration as you plan for retirement are health care costs.

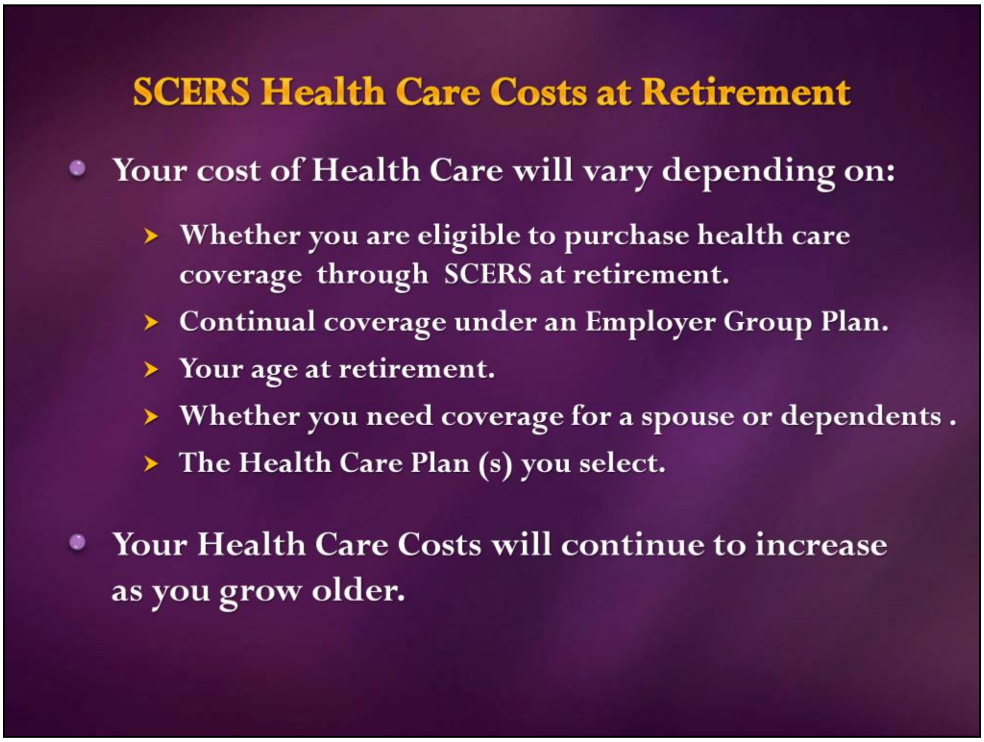
- This chart gives you an idea of Projected Medicare Premiums and Out-of-Pocket costs you might expect to pay in retirement after you reach 65, and then projected incrementally every 10 years.

- When you are thinking about health care costs, remember there is no premium for Medicare Part A (hospitalization). Generally, the government pays about 75% of Medicare Part B (this is the part that covers doctors' services and outpatient care). Most retirees will pay the standard premium amount , which in 2013 is $104.90.

- The percentage you pay is based on your modified gross income as reported on your income tax return from 2 years previous. For example, if you filed as an individual in 2011 and reported an income over $85,000, your premium will be higher. You will receive a letter from Social Security advising you of any increased adjustment over the standard premium.

- Medicare Part D covers Prescription Drugs. You will not need to purchase this coverage if you opt for one of the City's Medicare Supplemental Plans since they include prescription drug coverage.

- At retirement, you may make arrangements for your Medicare premium costs to be automatically deducted from your monthly benefit check.



Your Health Care Costs in Retirement will vary, depending on several factors:

- Whether you are eligible to purchase health care coverage through the Retirement Office. Remember, generally, you must be considered an active employee on the payroll the day before you retire to be eligible for medical coverage.

- Whether you have had continual health care coverage under an employer group plan. Remember, if you retire, but have coverage through another employer -sponsored group plan, you will be eligible for coverage through the Retirement Office once that coverage ends. However, if you leave the City without retiring to take another job, you will not be eligible to elect health care coverage through the Retirement Office at the point you do retire.

- Your age at retirement. Once you reach 65 years in age, you are eligible for Medicare as well as the City's Medicare Supplemental plans. These supplemental plans cost about ¼ the cost of health coverage for retirees who are under 65.

- Whether your health plan includes coverage for your spouse or dependents. The **Under 65** health care plans offered by the Retirement Office have an additional cost for your spouse and each dependent. Often, medical coverage through COBRA will be your cheapest option for the first 18 months after you retire. When this runs out, you can continue coverage through one of plans offered by the Retirement Office.

- Another factor is the specific health plan you select. The premiums vary slightly depending on the plan you choose.

- Overall, just remember that your health care costs will continue to increase as you grow older. So you will need to plan for that increase.

So what are some strategies you might want to consider to enhance your financial readiness for retirement.

- First, if you aren't enrolled in the City's deferred comp program, you may want to sign up and start investing some of your pre-tax dollars; or alternatively, if you are already enrolled, you may want to increase your deductions and investments.
- Another strategy if you carry a lot of credit card debt, is to see a financial planner and set up a budget with a disciplined plan to pay off your credit cards.
- If you have any time loss during your career due to an on-the-job injury, Family Medical Leave, unpaid time off due to a medical condition or an absence due to active military duty, you can buy back this service credit at any time. You can make this purchase by personal check, a rollover from deferred comp or through payroll deductions . If this applies to you, you will want to download a Buyback Request form from our website and submit it to the Retirement Office.

  There are also other types of time loss you may be eligible to purchase at retirement, we will discuss these later in the presentation. If you anticipate buying back service credit at retirement, you may want to budget a certain amount out of each paycheck and increase your deferred comp deduction so you will have the funds available at retirement.
- As we discussed earlier, you may want to plan on delaying retirement at least until you are 65 or perhaps a few years later, so you will have more service credit, are eligible for Medicare and receive a higher SS benefit.
- Another strategy is to be prudent in your use of sick leave. Remember when you retire, you can roll over 35% cash value of it, pre-tax, into your VEBA or into Deferred Comp account to use to cover your health care costs.
- Save up to as much as 100% of your vacation time and roll it over, pre-tax, to deferred comp and use it to pay health care costs.
- Finally, it would be advisable for you to consult with a Financial Planner now while you still have time to make decisions or take steps to enhance your readiness for retirement.

So now that you know what to consider when you are assessing whether you are financially able to retire, let's focus on WHEN you can retire under the City's Retirement plan.

- Your eligibility is based on two factors -- your years of "creditable service" and your age.
- Now, what exactly does "creditable service" mean? Remember, the years you have worked for the City may or may not all be "creditable service" in the retirement system. Both temporary and exempt employees are not required to become members, so if you fall into one of these two categories, your creditable service will start once you become a member and contributions are deducted from your paycheck. Also remember, "periods of unpaid time" will not count as service credit unless you are able to buyback that time before retirement.
- In order to be eligible for retirement, you MUST have at least 5 years of creditable service in the retirement plan **or** if you have submitted a portability claim and established dual membership, you must have a total of 5 years of creditable service between the City's retirement plan and a portable agency. Once you have 5 years, you are considered "vested", meaning you will have the right to receive benefits when you retire.
- If you have 5 -9 years of service, you will be eligible to retire at age 62; if you have 10-19 years of service, you will be eligible to retire at age 57; if you have 20-29 years of service, you are eligible to retire at age 52; and if you have 30 years of service, you are eligible to retire at any age.
- To earn a full retirement benefit, you must work 30 years.

Quick View of the Percentage of Average Salary

Age

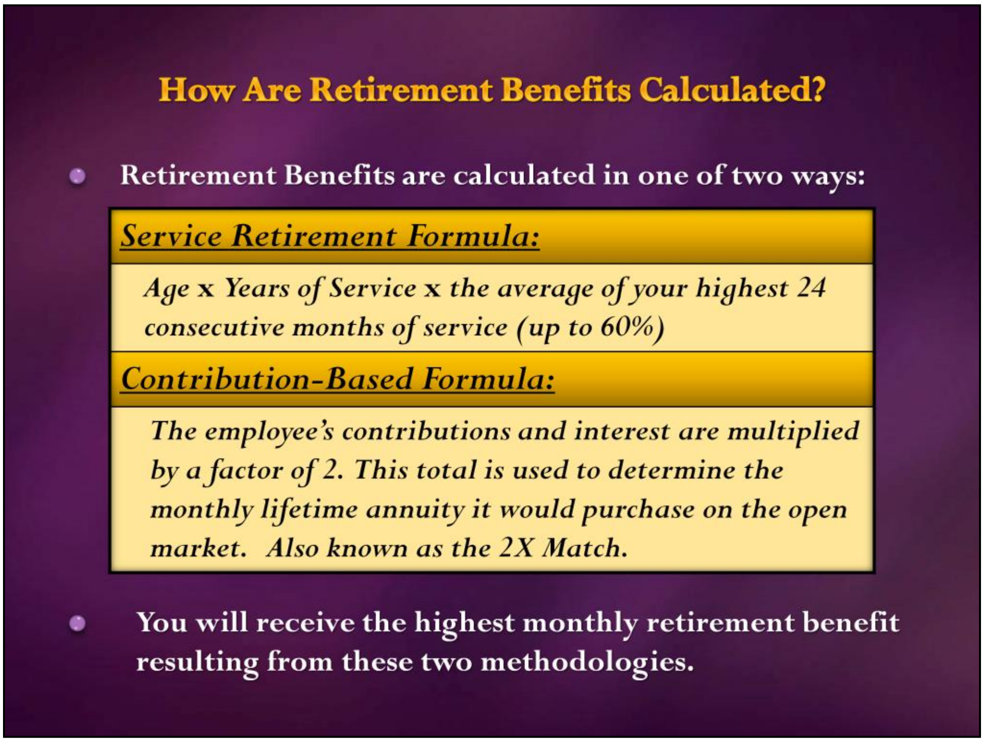
Years of Retirement Service Credit

	Any	52	53	54	55	56	57	58	59	60	61	62	63	64	65	
30	60	60.0	60.0	60.0	60.0	60.0	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60	30
29		58.0	58.0	58.0	58.0	58.0	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58	29
28		56.0	56.0	56.0	56.0	56.0	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56	28
27		51.3	54.0	54.0	54.0	54.0	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54	27
26		46.8	49.4	52.0	52.0	52.0	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52	26
25		42.5	45.0	47.5	50.0	50.0	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50	25
24		38.4	40.8	43.2	45.6	48.0	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48	24
23		34.5	36.8	39.1	41.4	43.7	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46	23
22		30.8	33.0	35.2	37.4	39.6	41.80	44.00	44.00	44.00	44.00	44.00	44.00	44.00	44	22
21		27.3	29.4	31.5	33.6	35.7	37.80	39.90	42.00	42.00	42.00	42.00	42.00	42.00	42	21
20		24.0	26.0	28.0	30.0	32.0	34.00	36.00	38.00	40.00	40.00	40.00	40.00	40.00	40	20
19							28.88	30.02	31.16	32.30	33.44	34.58	35.72	36.86	38	19
18							27.36	28.44	29.52	30.60	31.68	32.76	33.84	34.92	36	18
17							25.84	26.86	27.88	28.90	29.92	30.94	31.96	32.98	34	17
16							24.32	25.28	26.24	27.20	28.16	29.12	30.08	31.04	32	16
15							22.80	23.70	24.60	25.50	26.40	27.30	28.20	29.10	30	15
14							21.28	22.12	22.96	23.80	24.64	25.48	26.32	27.16	28	14
13				**Not Eligible To Retire**			19.76	20.54	21.32	22.10	22.88	23.66	24.44	25.22	26	13
12							18.24	18.96	19.68	20.40	21.12	21.84	22.56	23.28	24	12
11							16.72	17.38	18.04	18.70	19.36	20.02	20.68	21.34	22	11
10							15.20	15.80	16.40	17.00	17.60	18.20	18.80	19.40	20	10
9												16.38	16.92	17.46	18	9
8												14.56	15.04	15.52	16	8
7												12.74	13.16	13.58	14	7
6												10.92	11.28	11.64	12	6
5												9.10	9.40	9.70	10	5

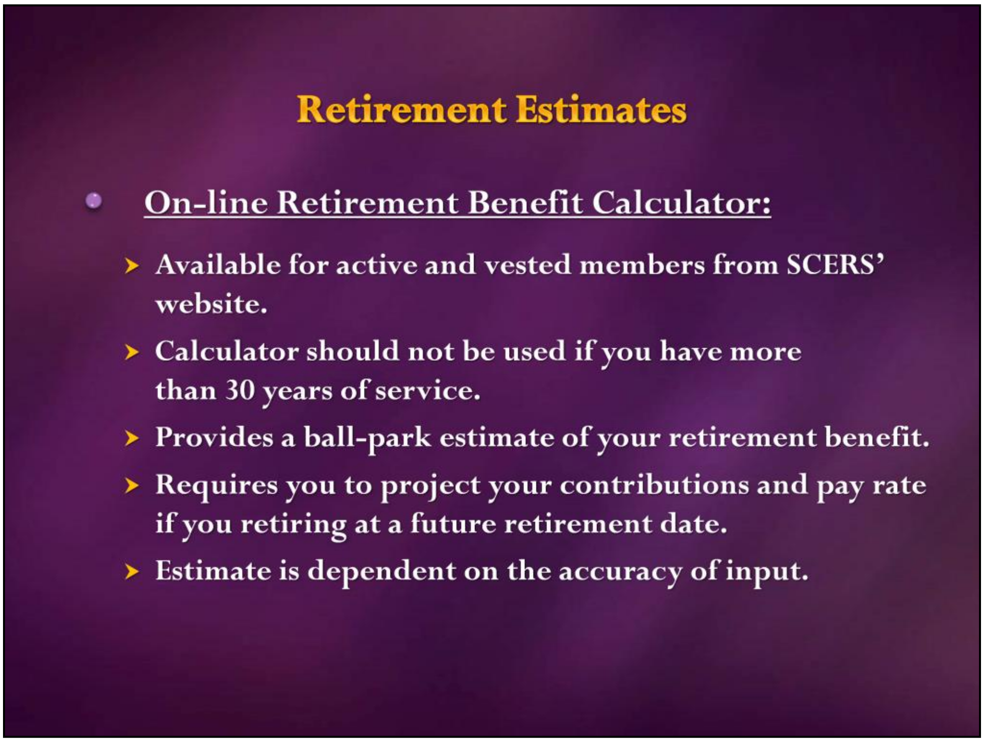
Years of Retirement Service Credit

As a quick reference, the Retirement Office has created a chart that will help you gauge when you might want to retire. If you notice, the years of Retirement service credit, starting with 5 years, is on the vertical axis and your age is on the horizontal axis. If you find the nexus of where these two come together, you will be able to determine the percentage of your highest 24 consecutive months of pay that will be used in calculating your retirement benefit.

For example, if you have 25 years of service credit in the retirement system and are 53 years old, you will receive 45% of your highest 24 consecutive months of pay as your unmodified retirement benefit.



- There are actually two different methods used to calculate retirement benefits:
  - ✓ Service Retirement Formula
  - ✓ Contribution-Based Formula
- The ***Service Retirement Formula*** is the most common method used. This takes your age at retirement and multiplies it by your total years of service and then multiplies that by the average of your highest 24 consecutive months of pay (also known as your FAS, or final average salary). The amount of your benefit using this method is capped at 60% of your FAS.
- The ***Contribution-Based Formula*** is more common among those employees who have 30 or more years of service, though some who have less service but are more senior in age sometimes benefit from this method. Using this formula, the total amount of the employee's accumulated contributions is multiplied by a factor of 2. Then, using tools prepared by Retirement's actuary, this total is converted into the total monthly lifetime annuity that could be bought on the open market. (This is also known as 2X Match).
- When you request an estimate or have your final monthly retirement benefit calculated, both of these methods are used. Your monthly benefit will be the highest monthly retirement benefit resulting from these two methodologies.



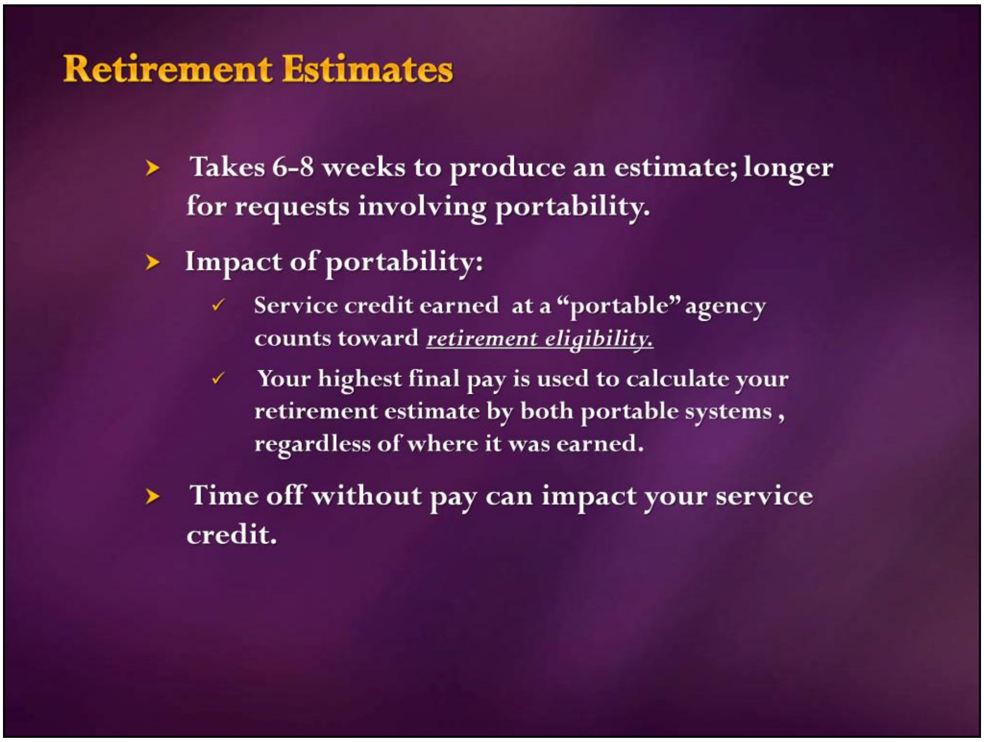
Now, as part of your planning process, you should get a an estimate of your monthly retirement benefit. You have two different options available.

The most immediate is to use the **On-Line Retirement Benefit Calculator:**

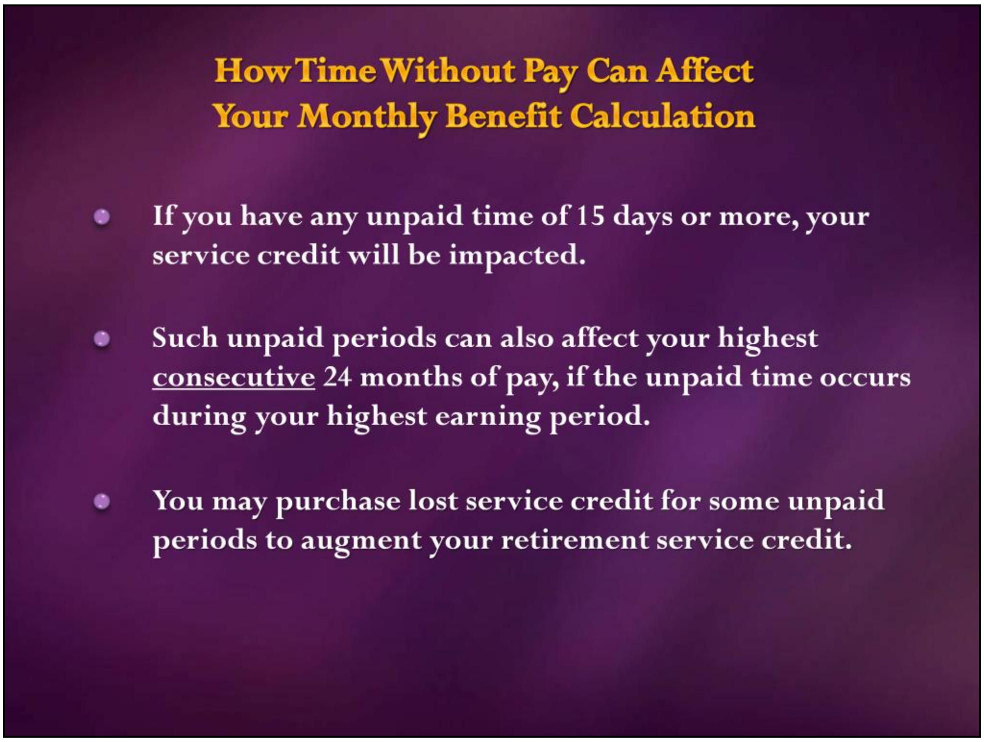
- This is available for active and vested members from SCERS' website and an estimate can be run as frequently as you desire.
- If you have more than 30 years of service, it would be better for you to request an estimate from the retirement office.
- Also, if you have portability, it may also be easier to request an estimate since you will need to know your final average salary in SCERS and the portable agency in order determine the higher of the two to use in the calculation.
- The on-line calculator provides a ball-park estimate of your monthly retirement benefit under each retirement option. However, please note,
  - ✓ It cannot distinguish time loss and
  - ✓ Even though there are now two interest rates –5.75% on contributions made prior to 12/31/2011 and 4.47% on contributions made after 12/31/2011, the on-line calculator uses 5% for the compounded interest. This means retirement estimates for newer employees will be slightly elevated and those for long-term employees will be lower.
- If you are planning on retiring at some future date, the on-line calculator requires that you project your pay rate and your contributions into the future.
- Just remember, the accuracy of your estimate will be dependent on the information you input.

Your second option is to request a **<u>Retirement Estimate from SCERS</u>**:

- You may request **<u>one</u>** retirement estimate per year and it will be prepared for you by a Retirement Specialist. To request an estimate, you can download an Estimate Request form from SCERS' website and submit it to SCERS via email, fax, mail or drop off.
- The Retirement Specialist will conduct an in-depth, payperiod-by-payperiod review of your service records.
- As indicated above, your monthly benefit estimate is based on:
  - ✓ Your projected retirement date;
  - ✓ Your projected retirement age;
  - ✓ Your final projected service credit;
  - ✓ An average of your highest consecutive 24 months of pay.
- Your estimate will include what your unmodified or straight monthly benefit will be as well as the monthly benefit for each of the different retirement options available to you. This should help you assess which one will best meet your needs.
- The estimate will also give you a lump sum total of all your time loss during your tenure. The Retirement Specialist can tell you when the time loss occurred in the event you want to want to explore whether the time loss would qualify as a buyback.



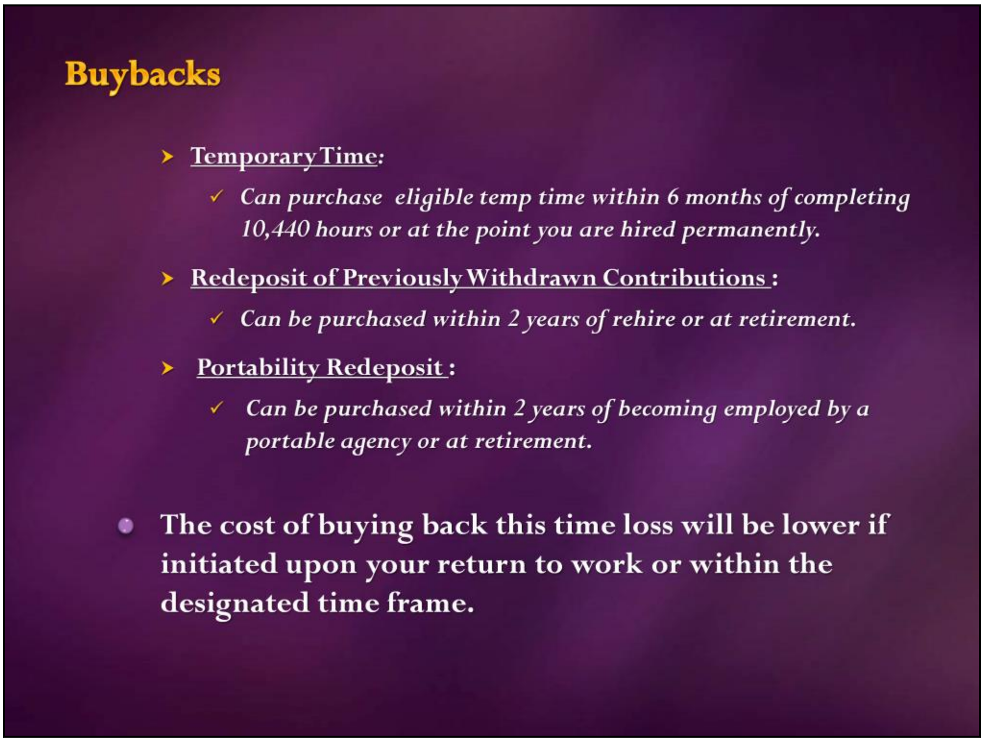
- If you request an estimate, you should anticipate it taking approximately 8 weeks to prepare, unless your request involves portability with another agency.
- Requests involving portability takes longer since SCERS has to coordinate with the portable agency for certain information. Also, where portability is involved, SCERS has to prepare two different estimates – a preliminary one and then a second one, depending on the information gained from the portable agency.
- If you have worked at another agency such as the State, King County, City of Tacoma, City of Spokane, Seattle Housing Authority, etc. , you can claim portability. This can benefit you in two ways:
  - ✓ First, the service credit you earned at a portable agency will count toward your eligibility for retirement under the SCERS system. For example, if you worked 3 years before you left City employment, you would not be vested and would not be eligible for a retirement benefit. However, if you left City employment to take a job with the State of Washington and worked there for 10 years, the additional years you worked at the state would be combined with your City time to qualify you for retirement under the City as well as the State. (Note: the combined service credit is not used to determine your benefits)
  - ✓ Second, your highest final average salary will be calculated by both SCERS and the portable agency in accordance with each system's rules. Then whichever is the highest final average salary will be used by both systems in calculating your retirement benefit in each system. So in the example, I just mentioned, if your highest average salary came later in your career with the State, SCERS as well as the state would use that amount in calculating your benefit.
- When you receive your estimate, be sure to check the total amount of timeloss identified. Time off without pay can impact your service credit and in turn, the amount of your monthly retirement benefit.



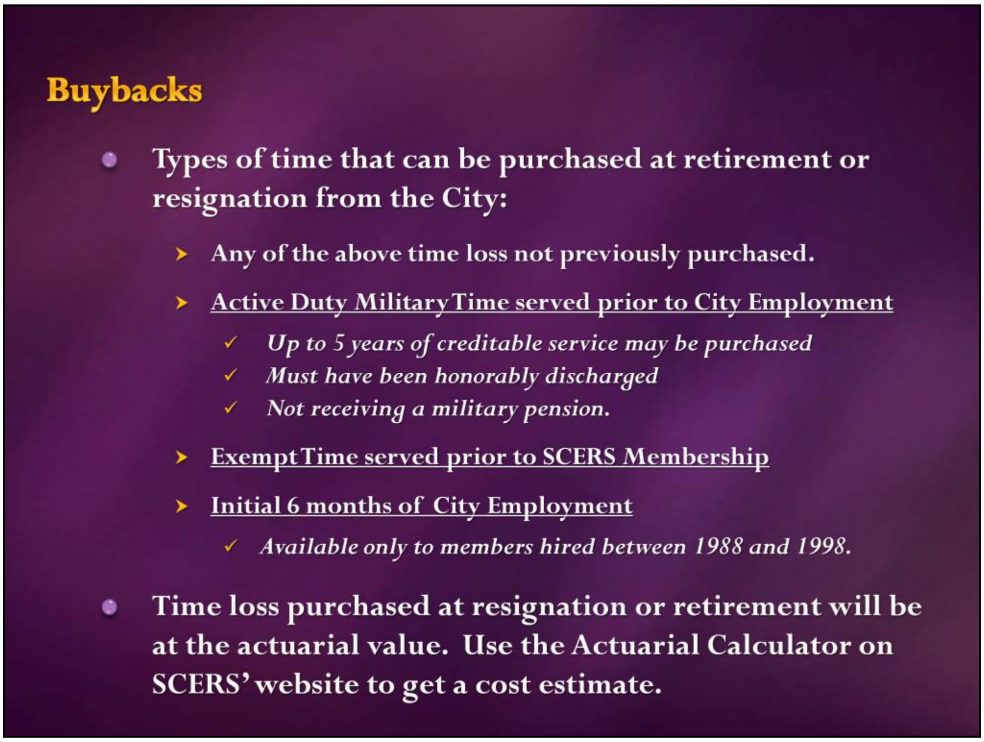
So, let’s look at how time without pay can affect your monthly benefit.

- First, you should be aware that when you have any unpaid time off of 15 days or more, your accrual of service credit is suspended until you return to paid time.
- Such periods of unpaid time not only impacts your total amount of service credit, but can also affect your highest consecutive 24 months of paid, if it occurs during your highest earning period.
- It is important for you to be aware that you can purchase time loss for some unpaid periods and by doing so you can augment your retirement service credit, which in turn may impact the calculation of your monthly retirement benefit.
- Since it might be to your advantage to buy back your timeloss, let’s look at exactly what types of timeloss you are able to purchase and when you can actually make the purchase.

- There are several different types of time loss that you can buyback. Specific provisions for each of these are described in detail in the SCERS FAQs which can be downloaded from the SCERS' website.
- Family Medical Leave: If you have been on Family Medical Leave, you may buyback the time loss for that period of unpaid time. What is most important is for you to be aware that you can purchase this time *at any time*. It is to your advantage to begin purchasing the time as soon as you return to work since the cost will be significantly less than if you wait until you retire or resign.
- Unpaid Leave of Absence: If you have taken an unpaid leave of absence due to a documented medical condition, you may also buy back that time loss. It is important that your home department have the appropriate documentation to support the medical basis for the leave. This type of leave may also be purchased *at any time*.
- Workers' Compensation Time Loss: If you are injured on the job and receive workers' compensation, a portion of your compensation may come from the City and a portion from the state. Employee contributions to the Retirement System are only taken from compensation received from the City. When you return to work, you may buyback any time loss associated with workers' compensation paid by the state in order to make your service credit for the period whole. You may purchase this timeloss *at any time*.
- Active Military Leave While Employed with the City – If you are called to active duty while you are employed, you may purchase lost service credit upon your return. You have *90 days* to initiate this buyback at a lower cost.



- Temporary Time:
  - ✓ If you work as a temporary employee, you have the option to become a member of the retirement system within 6 months of completing 1,044 hours of work.
  - ✓ If you do not join SCERS at that point, you will have two additional opportunities to join – the first, within 6 months of completing 10,440 hours (equivalent to 5 years full-time) of continuous temporary service; the second, upon being hired into a regular position.
  - ✓ If you become a member at the 10,400 threshold, you have the option of purchasing previous service credit from the date you were initially eligible for membership (1,044 hours). You have 6 must to initiate this buyback.
  - ✓ If you are hired into a regular position after 1,044 hours of temporary service, but before 10,440 hours of temporary service, without a break in your continuous service, you have the option to purchase your temporary service from the date you were eligible for membership (1,044 hours). You have 6 months to initiate this buyback.
- Redeposit of Previously Withdrawn Contributions: If you previously worked for the City and withdrew your employee contributions and interest upon your separation, you can buyback that previous service credit. You have 2 years from the date of your rehire to initiate the buyback.
- Portability Redeposit: If you leave City employment and subsequently are employed by an agency covered by a retirement plan covered by SCERS' portability agreement, you may buyback your previous service credit. You must initiate this buyback within two years of becoming employed by the portable agency.
- The cost of buying back lost service credit will be less expensive if initiated upon your return to work or within the specific timeframes we have discussed. If you do not initiate a buyback within the designated timeframe, you may purchase it at the point you retire or resign at a higher cost.

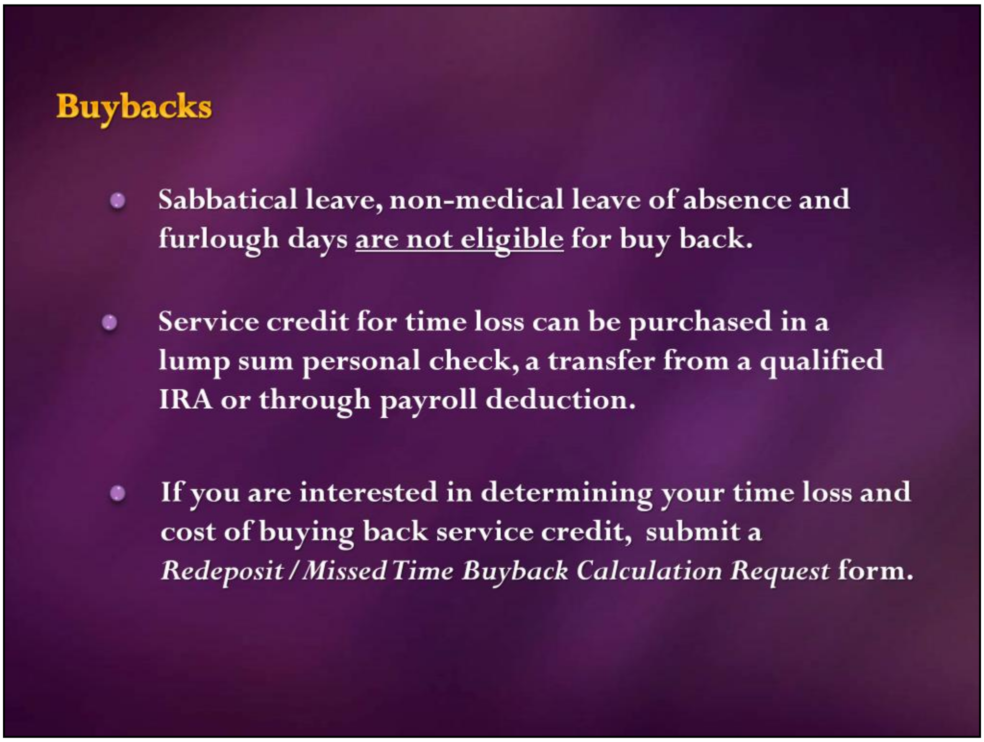


- In addition to the buybacks we have discussed, there are three additional types of timeloss that can be purchased at the point you retire or resign from the City.
- <u>Active Duty Military Time Served Prior to City Employment</u>:

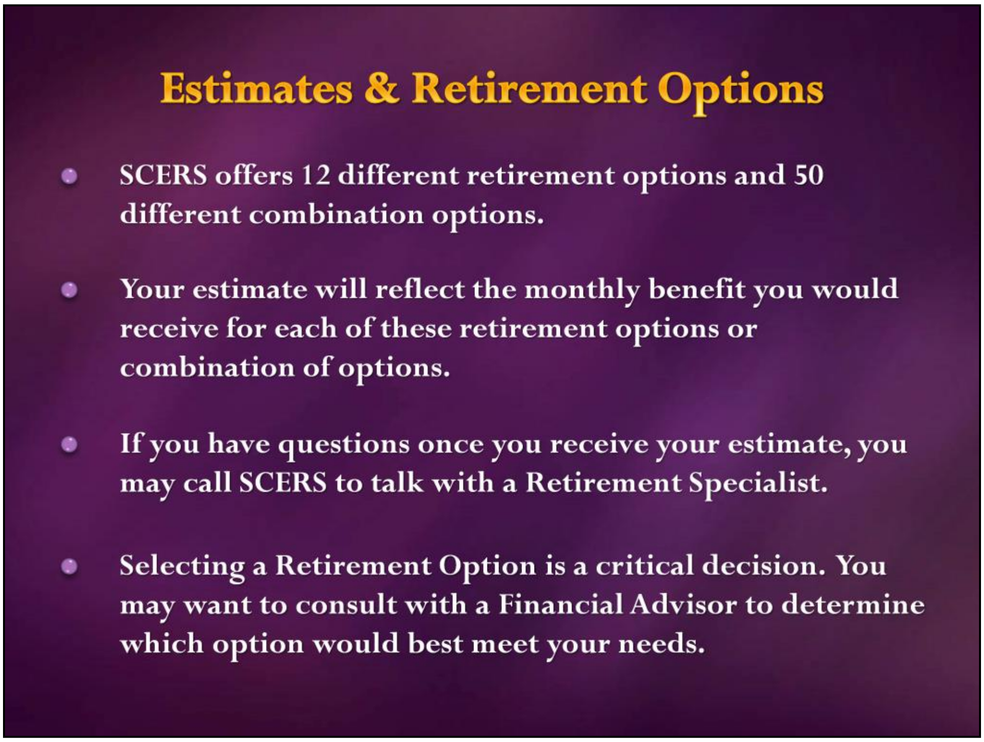
✓ If you served on active duty before becoming employed with the City, you may purchase up to 5 years of creditable service upon your retirement or resignation provided you were honorably discharged and are not currently receiving a military pension.

- <u>Exempt Time</u>:
  - ✓ If you were hired as an Exempt employee, you could chose whether you wanted to become a member of the retirement system.
  - ✓ If you opted not to become a member when you were hired, but subsequently changed your mind and became a member, you may purchase the service credit you lost by delaying membership.
- <u>Initial 6 months of City Employment:</u>
  - ✓ If you were hired between 1988 and 1998, when there was a six months waiting period to become a member of the retirement system, you were given a one year opportunity to buyback this 6 months of service credit between December 2001 and 2002.
  - ✓ If you did not initiate a buyback during this period, you may purchase the lost service credit when you retire or resign.
  - Timeloss purchased when you retire or resign will be at the actuarial value. This will be more expensive. You can use the Actuarial Calculator on SCERS' website to get a

cost estimate.



- Unpaid sabbatical leave, a non-medical leave of absence and furlough days are not eligible for a
  buyback.
- Service credit for time loss can be purchased in a lump sum personal check, a transfer from deferred comp or a qualified IRA or through payroll deduction. All payments have to be made prior to the effective date of your retirement or resignation.
- If you are interested in determining if you have any eligible time loss and what it would cost you to buyback the lost service credit, you can download a *Redeposit/Missed Time Buyback Calculation Request* form



- SCERS offers 12 different retirement options and 50 different combination of options to members.
- Your estimate will reflect the monthly benefit you receive for each of the retirement options or combination of options. This should help decide which option will best meet your specific needs.
- Once you review your estimate, if you have questions or need further clarification, feel free to call SCERS and ask to talk with a Retirement Specialist.
- Selecting a Retirement Option is a critical decision. While the Retirement Specialist can answer your questions, they are not in a position to recommend any one option to you. You may want to consult with a financial advisor .
- To help you gain a basic understanding, let’s review the 12 basic retirement options.

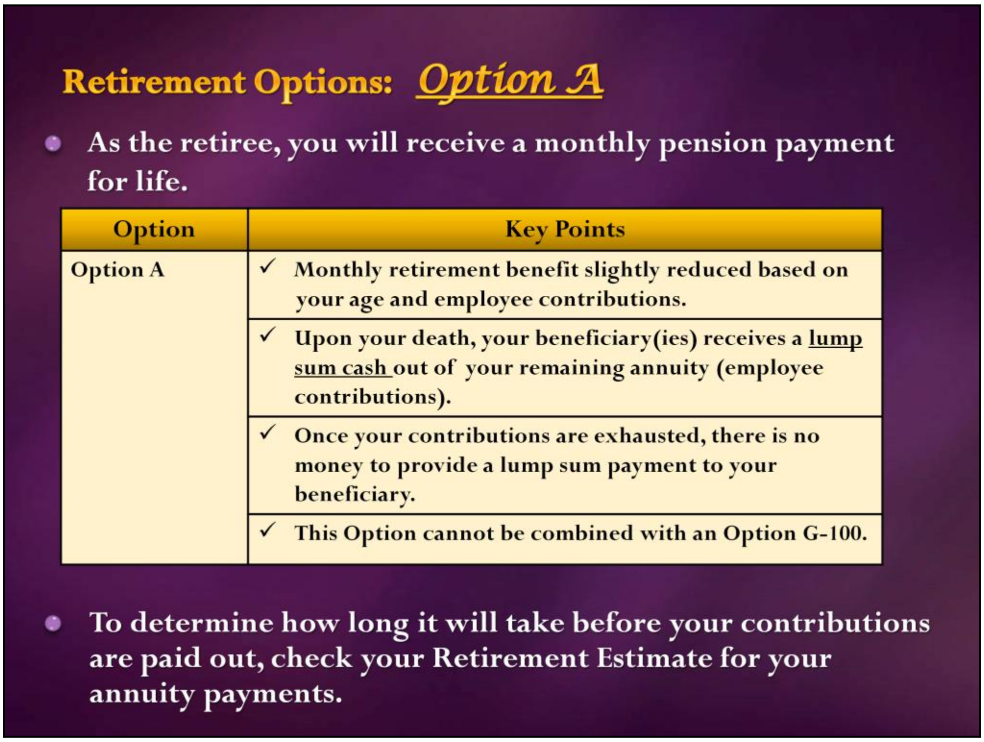
Retirement Options: *Straight Benefit*

- Also known as the "Unmodified Monthly Benefit".
- As the retiree, you will receive a monthly pension payment for life.

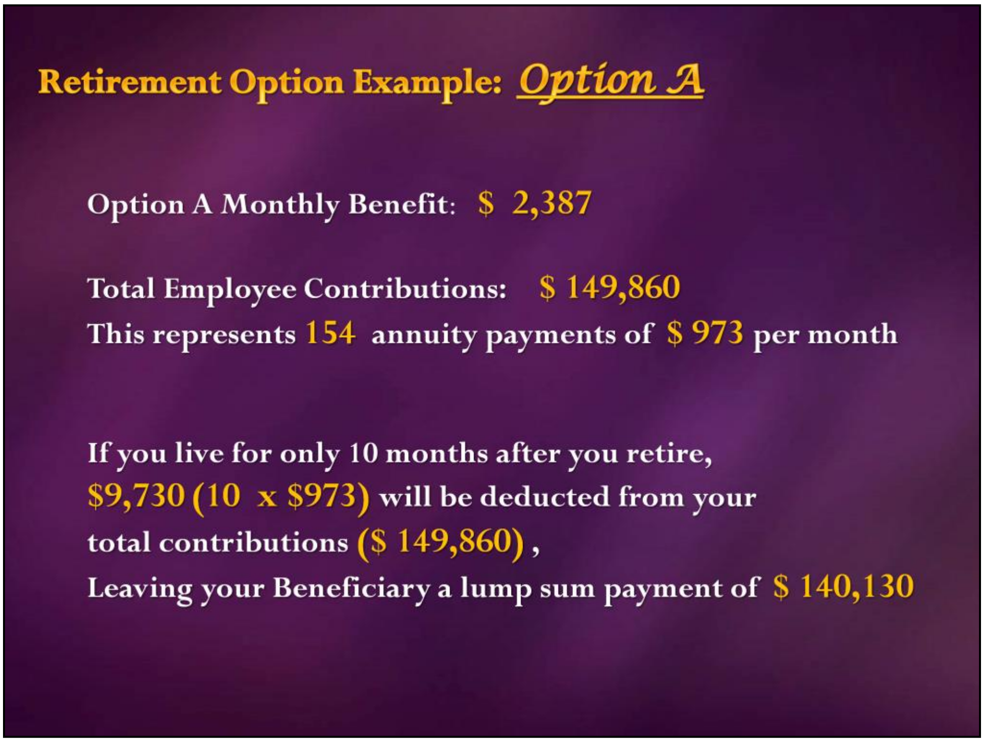
Option	Key Points
Straight Benefit	✓ Provides the highest monthly retirement benefit
	✓ No beneficiary.
	✓ When you die, any remaining contributions are returned to the Retirement System trust.

- If it is important for you to leave money to a beneficiary, you may want to review other Options.

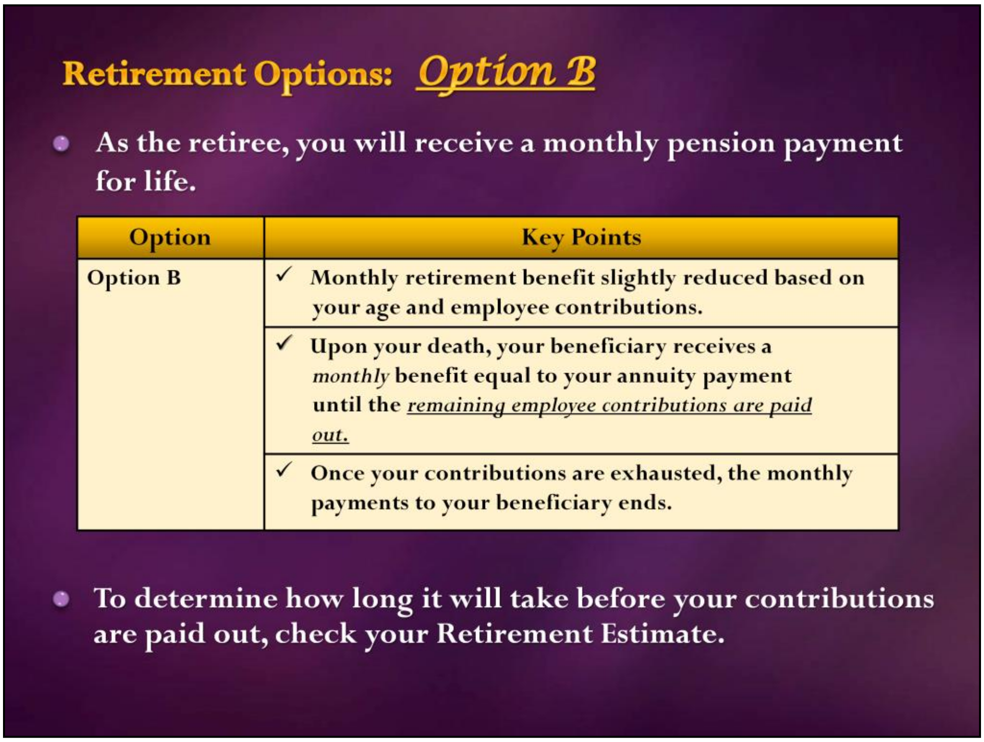
- The "Straight Benefit" is also known as the "Unmodified Monthly Benefit", meaning that this is not reduced in anyway to accommodate benefits for beneficiaries, spouses, or other variations available.
- This is the highest monthly retirement benefit you can receive from retirement to death.
- If you select this option, there is no beneficiary and you are acknowledging that you do not intend to leave money to anyone. If you are married, your spouse has to sign off on your retirement application acknowledging agreement with your retirement provisions.
- This means that when you die, your remaining employee contributions will be returned to the Retirement System trust.
- If it is important for you to leave money to a beneficiary, you may want to select another option.



- As the retiree, you will receive this monthly retirement benefit for life.
- The amount of your monthly retirement benefit is slightly less than the Straight Benefit we just discussed; it is reduced based on your age at retirement and the amount of your employee contributions.
- This option does provide for a beneficiary. When you die, your beneficiary will receive a lump sum cash out of your remaining annuity; this means the balance of any remaining employee contributions. Because this Option involves a payout to a Beneficiary from your remaining employee contributions, it cannot be combined with an Option G-100 (which involves cashing out 100% of your employee contribution and only receiving a monthly benefit based on the pension (the employer's contributions).
- Once your employee contributions are exhausted, there will be no money to provide a lump sum payment to your beneficiary.
- If you are considering this option, you can check on your final Estimate. Under the Option, it will tell you how long your annuity portion of your lifetime monthly benefit will last.



- Lets say your monthly retirement benefit under Option A is $2,387 and your total employee contributions at retirement is $149,860.
- This represents 154 annuity payments of $973 per month.
- Now if you live for only 10 months after you retire, the Retirement Office will multiply the 10 months your received benefits times $973 (the annuity portion of your monthly retirement benefit) to get the amount of $9,730 to be deducted from your total contributions. This would be $149,860 minus $9,730.
- This would leave your beneficiary with the difference, a lump sum payment of $140,130.
- If you lived a longer period and use up all the annuity portion of your monthly retirement benefit, then your Beneficiary will not receive anything upon your death.



Option B is very similar to Option A.

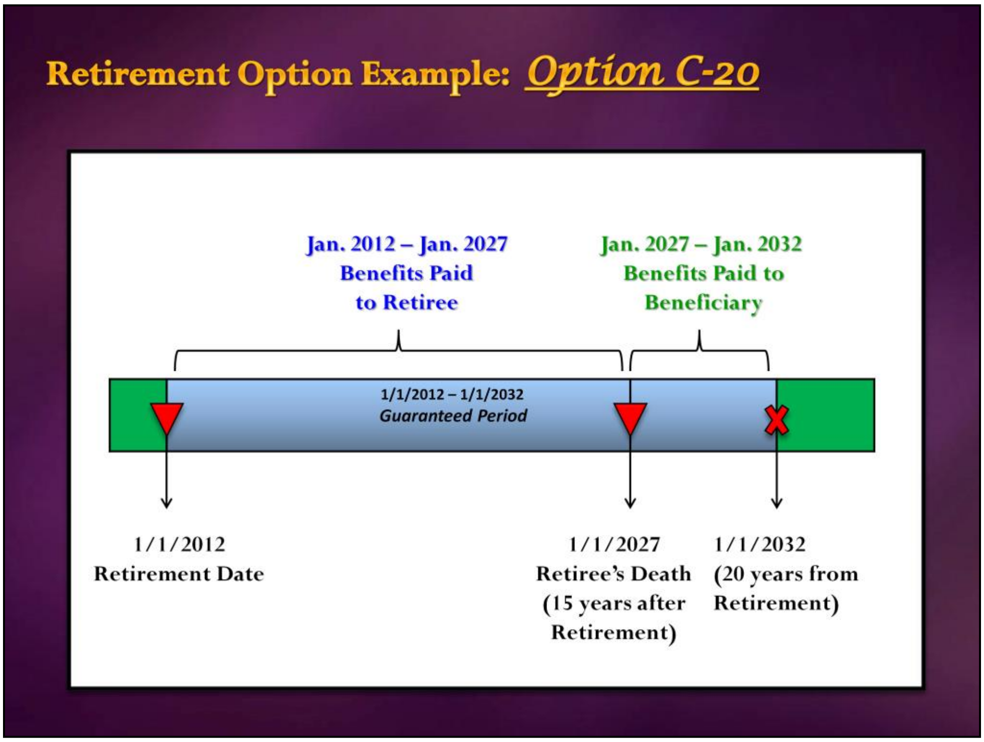
- As a retiree, you will receive a monthly pension payment for life.
- The amount of your monthly benefit payment is slightly reduced based on your age at retirement and the amount of your employee contributions.
- This option provide for a beneficiary.
- However, when you die, your beneficiary receives a monthly benefit instead of a lump sum cash out, as in Option A. The monthly benefit will be equal to the annuity payment until your remaining annuity (or employee contributions) are paid out.
- Once your employee contributions are exhausted, the monthly payments to your beneficiary will be discontinued.
- If your annuity (employee contributions) is exhausted before you die, your beneficiary will not receive any money.
- If you are considering this option, you can check on your final Estimate. Under Option B, it will tell you the amount of the annuity portion of your monthly benefit and how many months your annuity will last. If you pass away before this amount is exhausted, your beneficiary will receive payments equivalent to the annuity portion of your monthly retirement benefit.

Retirement Options: *Option C*

- As the retiree, you will receive a monthly pension payment for life.

Option	Key Points
Option C-5, Option C-10 Option C-15 Option C-20	✓ Provides a *guaranteed benefit period* for your beneficiary of 5, 10, 15 or 20 years from the date of your retirement.
	✓ Upon your death, your beneficiary receives a *monthly* benefit for the remainder of the guaranteed period equal to the monthly payment you were receiving.
	✓ If you live longer than the guaranteed benefit period, you continue to receive your monthly benefit, but there will be no monthly benefit for your beneficiary when you die.
	✓ If you die after the guaranteed period but before your annuity is exhausted, your remaining employee contributions go back into the retirement system.

- Under Option C, you will receive a monthly pension payment for life.
- Option C provides a guaranteed benefit period for your beneficiary varying in length – 5, 10, 15 or 20 years from the date you retire.
- This means that when you die, your beneficiary will receive a monthly benefit for the remainder of the guaranteed period that is equal to the monthly payment you were receiving.
- If you live longer than the guaranteed benefit period you select, you will continue to receive your monthly benefit, but there will be no monthly benefit for your beneficiary when you die.
- If you die after the guaranteed benefit period has expired, but before your annuity is exhausted, your remaining employee contributions will go back into the retirement system.



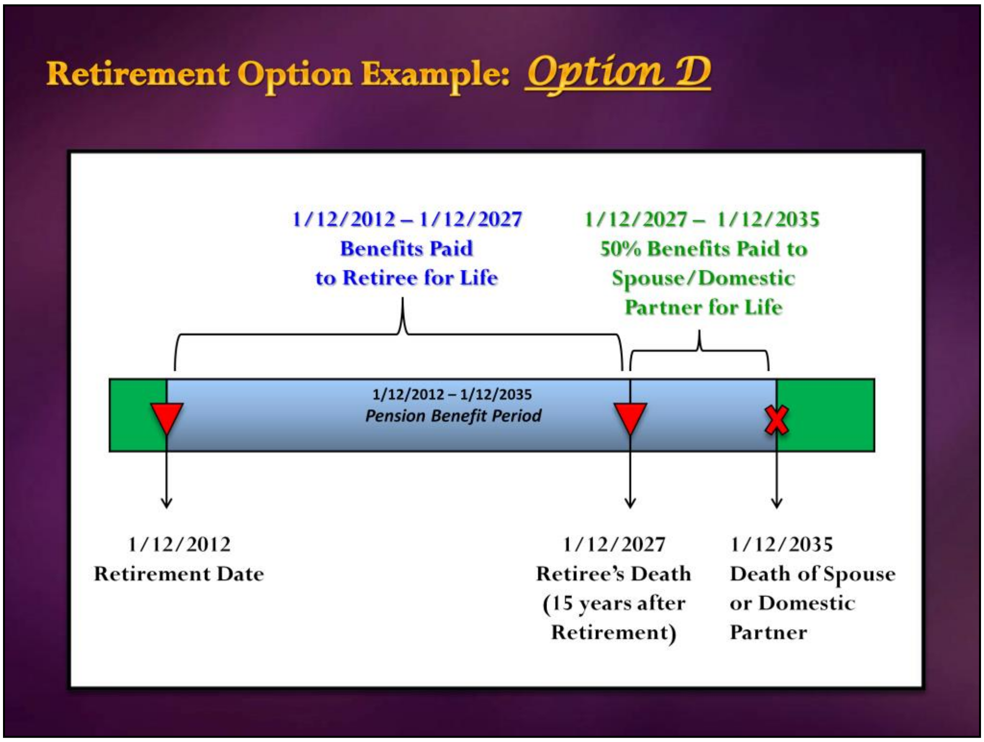
- For example, let's say you selection Option C-20 at retirement. This means there is a guaranteed benefit period of 20 years from your date of retirement.
- Let's say you retire on January 1, 2012 with an Option C-20. This means there is a guaranteed benefit period for your beneficiary from January 1, 2012 through January 1, 2032.
- So in this case for the first 15 years after your retirement, you receive a monthly retirement benefit. However, on January 1, 2017, you pass away. This means that for the first 15 years of your 20 year guaranteed benefit period, you have been receiving your monthly retirement benefit.
- Upon your death, your beneficiary will be paid monthly benefits in the same amount you were receiving, for the remaining guaranteed benefit period (January 1, 2027 to January 1, 2032, when the 20-year guaranteed benefit period ends.

Retirement Options: *Option D*

- As the retiree, you will receive a monthly pension payment for life.

Option	Key Points
Option D	✓ Your monthly benefit is reduced and is based on your age and the age of your spouse/domestic partner at retirement.
	✓ Your spouse/domestic partner at the time of retirement is the *only* person who can be designated as your beneficiary.
	✓ If your marital status changes after retirement, you can't designate a new spouse/domestic partner as your beneficiary.
	✓ After your death, your beneficiary receives a monthly payment equal to 50% of what you were receiving *for the rest of his/her life* .
	✓ If your spouse/domestic partner dies before you, your monthly benefit will increase to a Straight Benefit.

- If you have a spouse or domestic partner, you may want to consider Option D or Option E.
- Under Option D, you will receive a monthly retirement benefit for life. It is slightly reduced from the unmodified benefit amount, based on the difference between your age and the age of your spouse or domestic partner. The larger the difference in age, the lower your monthly benefit.
- Under Option D, your spouse or domestic partner at the time of retirement is the only person who can be designated as your beneficiary.
- If your marital status changes after you retire, you cannot name a new spouse or domestic partner as your beneficiary; only your spouse at the time of retirement can be the beneficiary.
- After your death, your beneficiary will receive a monthly payment equal to 50% of the benefit you were receiving for the rest of his/her life.
- If your spouse/domestic partner dies before you, your monthly benefit will increase to the Unmodified or "Straight" benefit amount. The retirement office will make this adjustment once a death certificate has been provided.



This will illustrate how Option D works:

- Note, the employee retired with a D option on January 12, 2012.
- In this scenario, the Retiree receives a monthly retirement benefit payment up until his death, which in this example, is January 12, 2027, 15 years after retirement.
- At that point, his/her spouse or domestic partner begins receiving a monthly retirement benefit which is equivalent to 50% of what the retiree had been receiving.
- In this scenario, the spouse/domestic partner lives an additional 8 years. During this time, she/he continues to receive the monthly benefit. When the spouse/domestic partner dies, the payments cease.

Retirement Options: *Option E*

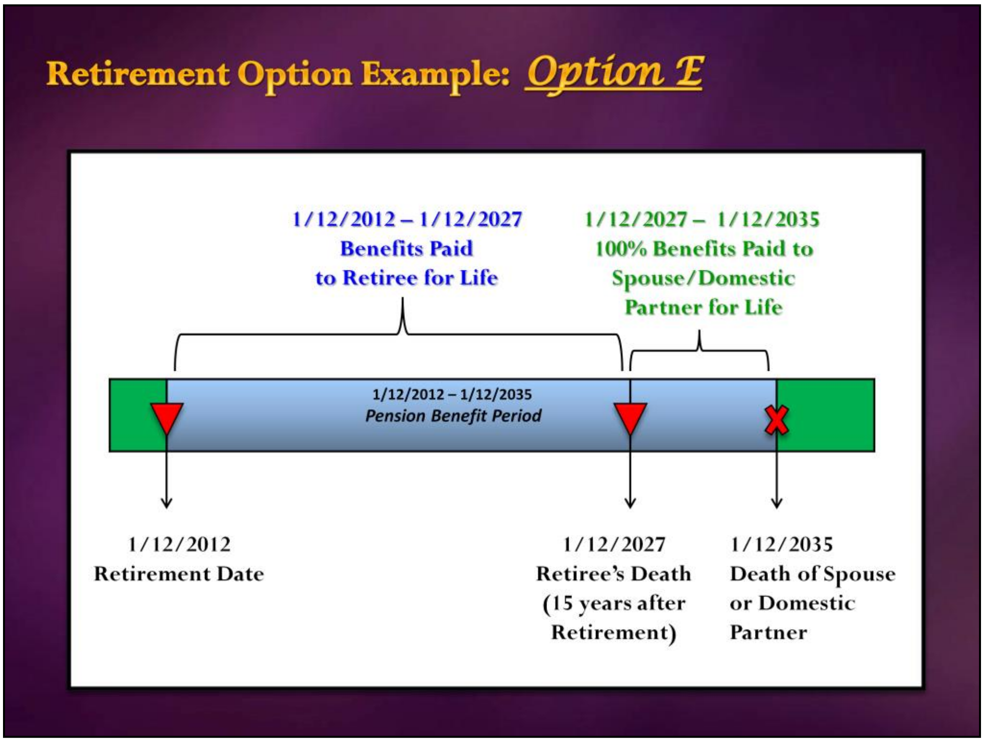
- As the retiree, you will receive a monthly pension payment for life.

Option	Key Points
Option E	✓ Your monthly benefit is based on your age and the age of your spouse/domestic partner at retirement.
	✓ Your spouse/domestic partner at the time of retirement is the *only* person who can be designated as your beneficiary.
	✓ After your death, your beneficiary receives *for the rest of his/her life* a monthly payment equal to 100% of what you were receiving.
	✓ If your spouse/domestic partner dies before you, your monthly benefit will increase to a Straight Benefit.
	✓ If your marital status changes after retirement, you can't designate a new spouse/domestic partner as your beneficiary.

Option E is exactly like Option D, except instead of your beneficiary receiving a monthly benefit payment after your death of 50%, your spouse or domestic partner will receive 100%.

So to review:

- Under Option E, you will receive a monthly retirement benefit for life. It is reduced from the unmodified benefit amount, based on the difference between your age and the age of your spouse or domestic partner. The larger the difference in age, the lower your monthly benefit. The reduction will also be slightly larger than under Option D because your beneficiary will receive 100% rather than 50% of the monthly benefit you received before your death.
- Under Option E, your spouse or domestic partner at the time of retirement is the only person who can be designated as your beneficiary.
- If your marital status changes after you retire, you cannot name a new spouse or domestic partner as your beneficiary; only your spouse at the time of retirement can be the beneficiary.
- After your death, your beneficiary will receive a monthly payment equal to 100% of the benefit you were receiving for the rest of his/her life. No benefit will be paid to a beneficiary after both you and your spouse die.
- If your spouse/domestic partner dies before you, your monthly benefit will increase to the Unmodified or "Straight" benefit amount. The retirement office will make this adjustment once a death certificate has been provided.



As you can see from this example. Option D and Option E are exactly the same, except that the monthly retirement benefit you receive will be slightly less under Option E than under Option D; and after your death, the monthly retirement benefit you receive will be exactly the same benefit you were receiving (in other words, 100%).

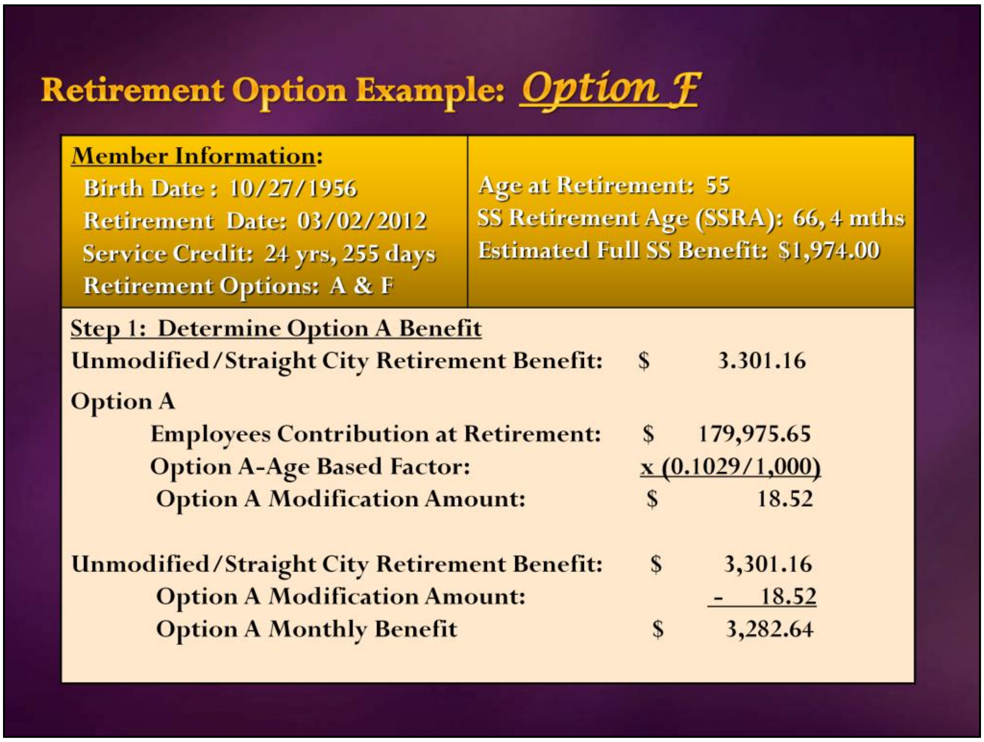
Retirement Options: *Option F*

- A modified benefit in combination with Social Security.

Option	Key Points
Option F	✓ You receive a higher monthly benefit from the date of your retirement until you reach your *"full Social Security retirement age"*. It is equivalent to the combined amount of your City retirement and projected Social Security benefit. The projected Social Security portion of this benefit assumes you work full time until your full SS age, but is reduced based on the number of years between your retirement date and your full Social Security retirement age.
	✓ When you reach *"full Social Security retirement age,"* your monthly City benefit is *reduced* by the *full amount* of your Social Security estimate, *regardless of when you actually start collecting your Social Security benefits*.
	✓ This option must be selected in combination with one of the other standard retirement options (Straight Benefit or Option A-E). The monthly benefit is paid in accordance with the Option selected.

Option F is a modified benefit that must be taken with one of the other standard retirement options (Straight Benefit or Options A-E). Option F is in combination with Social Security.

- This often is regarded as an attractive Option to members because the initial monthly retirement benefit is higher. However, if you are considering this option, it is important you fully understand how the Option works and what happens to your monthly benefit once you reach your full Social Security age.
- Under Option F, your monthly benefit will be inflated from the date you retire until you reach your "full Social Security Retirement age". If you are unsure what your full Social Security age is, you can check your estimate or go to the SS website. It is important to note that your benefit will be reduced at the point you reach your full SS Retirement age, even if you do not begin drawing SS benefits.
- Your initial monthly benefit will be equal to the combined amount of your monthly City retirement benefit and projected Social Security benefit. The projected SS portion of this benefit assumes you work full time until your full SS age, then is reduced based on the number of years between your City retirement date and your full SS retirement age. So the younger you retire, the more your projected SS benefit will be reduced.
- When you reach your "full Social Security retirement age", your monthly City benefit will be reduced by the full amount of your SS estimate, regardless of when you actually start collecting your Social Security benefits.
- Option F is not available if your age at retirement is greater than or equal to your Social Security Retirement Age.



An example might be more helpful.

- First, remember Option F has to be taken in combination with a Standard option (A-E). In this example, Option F is being taken in combination with Option A.
- Whenever Option F is selected, the Retirement office starts by determining what the retiree's monthly benefit will be using the Standard option elected by retiring member. In this case, let's say you selected Option A.
- So first the Unmodified /Straight Retirement Benefit is determined. This is based either on the Service Retirement Formula (Age X Years of Service X 24 Highest consecutive months of pay) or a Contribution-Based Formula (2X Match), which ever is higher. In this scenario, your Unmodified/Straight Benefit is $3,301.16. Since you want to provide for a beneficiary, this amount will be modified slightly.
- To determine how much this needs to be adjusted to get your monthly benefit under Option A, you take your total employee contributions at retirement which in this case is $179,975.65 and multiple it times an Age-Based factor provided by our actuary. This will determine the amount the Straight Retirement has to be modified.
- In this scenario, your unmodified/straight monthly benefit, is reduced by $18.52, leaving a monthly retirement benefit under Option A of $3,282.64.

Member Information:

Birth Date : 10/27/1956
Retirement Date: 03/02/2012
Service Credit: 24 yrs, 255 days
Retirement Options: A & F

Age at Retirement: 55
SS Retirement Age (SSRA): 66
Projected Full SS Benefit: $1,974.00

Step 2: Determine Adjusted Social Security Benefit

Projected Full SS Benefit:	$	1,974.00
Option F Social Security Adjustment Factor:	x	0.408
Option F Social Security Adjustment:	$	805.39

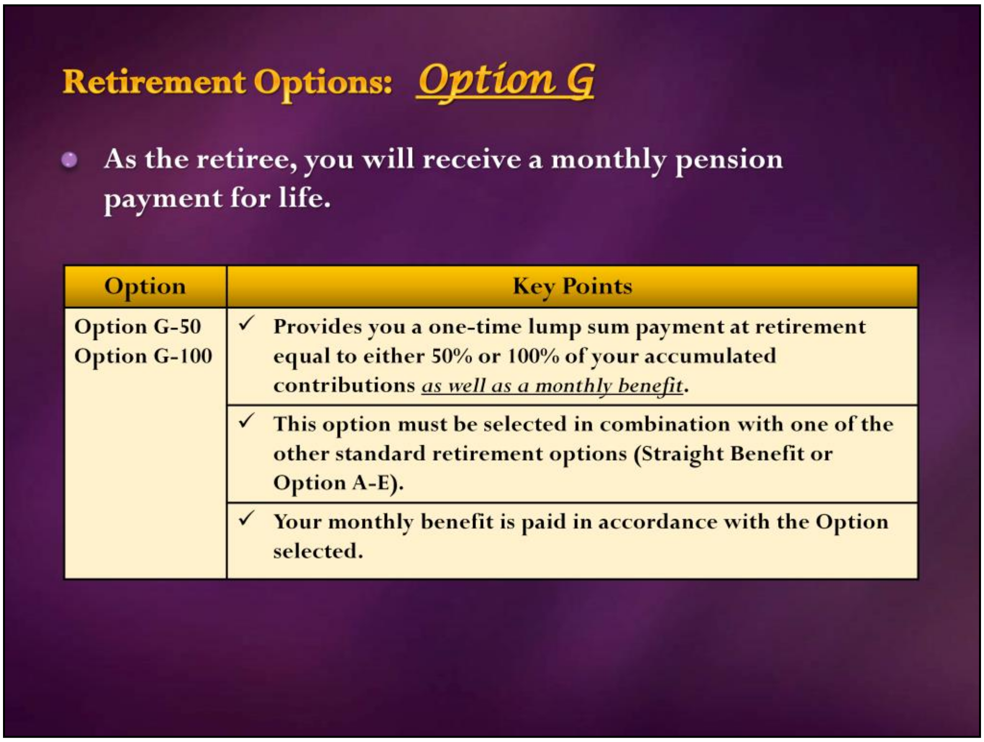
Step 3: Determine Pre- & Post SSRA Benefit

Option A Monthly Benefit:	$	3,282.64
Option F Social Security Adjustment:	+	805.39
Pre-SS Retirement Age Benefit:	$	4,088.03
Reduction at Full SS Benefit at SSRA:		($ 1,974.00)
Post-SS Retirement Age Benefit:	$	2,114.03

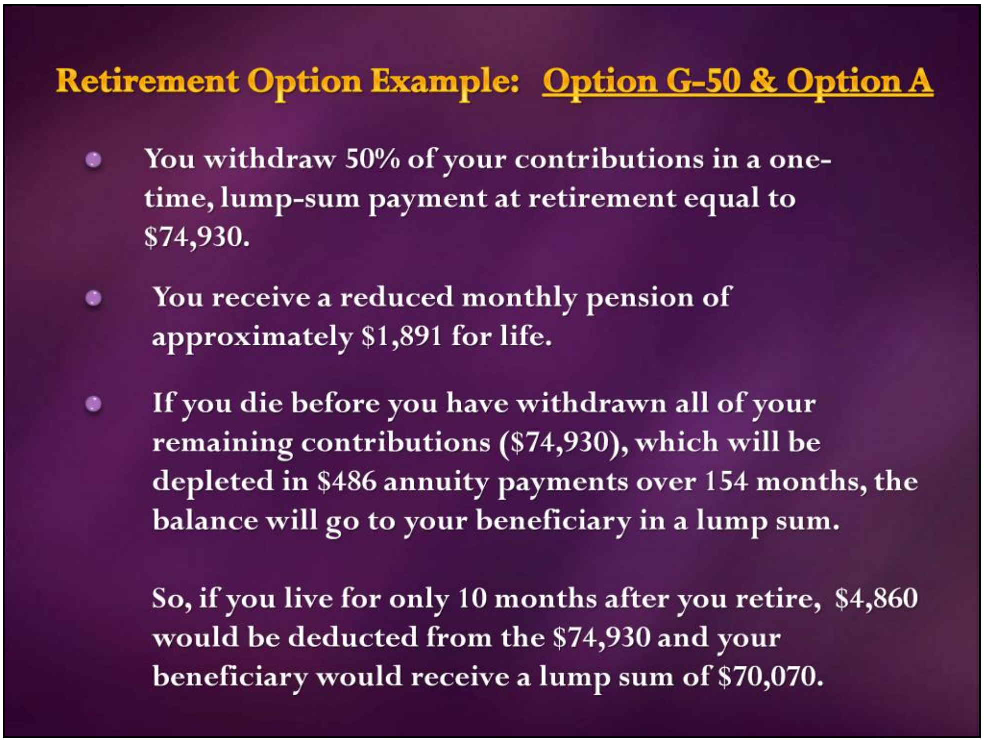
- Now that you know what your monthly benefit will be under Option A, the next step is to determine your Adjusted Social Security Benefit.
- Your projected full Social Security Benefit will be on your estimate. This assumes you will continue to work somewhere other than the City up until you reach your Social Security Retirement age. In this instance, your full Social Security benefit is projected to be $1,974.
- In this scenario, you are retiring from the City at age 55, 11 years before you reach your full Social Security age of 66. If you are not sure what your "Full Social Security Age" is, check on SS's website. Your full Social Security Benefit is adjusted based on the number of years between your City retirement age and your full Social Security Retirement age. An actuarial formula is used to determine the amount of your Adjusted Social Security Benefit.
- Your Adjusted Social Security Benefit in this scenario is $805.39. This is combined with your monthly benefit under Option A, $3,282.64, to determine the inflated monthly benefit you will receive between the date you retire from the City and the date you reach your SS Retirement Age. This Pre SS Retirement Age Benefit is $4,088.03 per month. This represents the monthly amount you will receive between the date you retire from the City at age 55 up to the date you turn 66.
- When you reach your full SS Retirement Age, which for you is 66, your inflated Pre-SS Retirement Age Benefit of $4,088.03, will be reduced by your <u>full</u> SS benefit, which in this scenario is $1,974. This means that after you reach your full Social Security Retirement Age of 66, your Post-SSRA Benefit will be $2,114.03.
- Be aware, it does not matter if you do not start drawing SS benefits at age 66, your inflated City retirement benefit will still be reduced once you reach your SS Retirement Age.

So, to summarize. If you select Option F with Option A:

- Your benefit under Option A before you figure in Option F, will be $3,282 per month or $39,384 a year.
- With the Option F & A Combined, your inflated monthly retirement pension will be $4,088 per month or $49,056 per year from your City retirement date to the date you reach your Social Security Retirement Age. This is referred to as your "<u>Pre-</u>SSRA benefit"
- With Option F & A Combined, your inflated monthly retirement pension will be reduced to $2,114 per month or $25,368 per year after you reach your SSRA. This is your "<u>Post</u>-SSRA benefit".

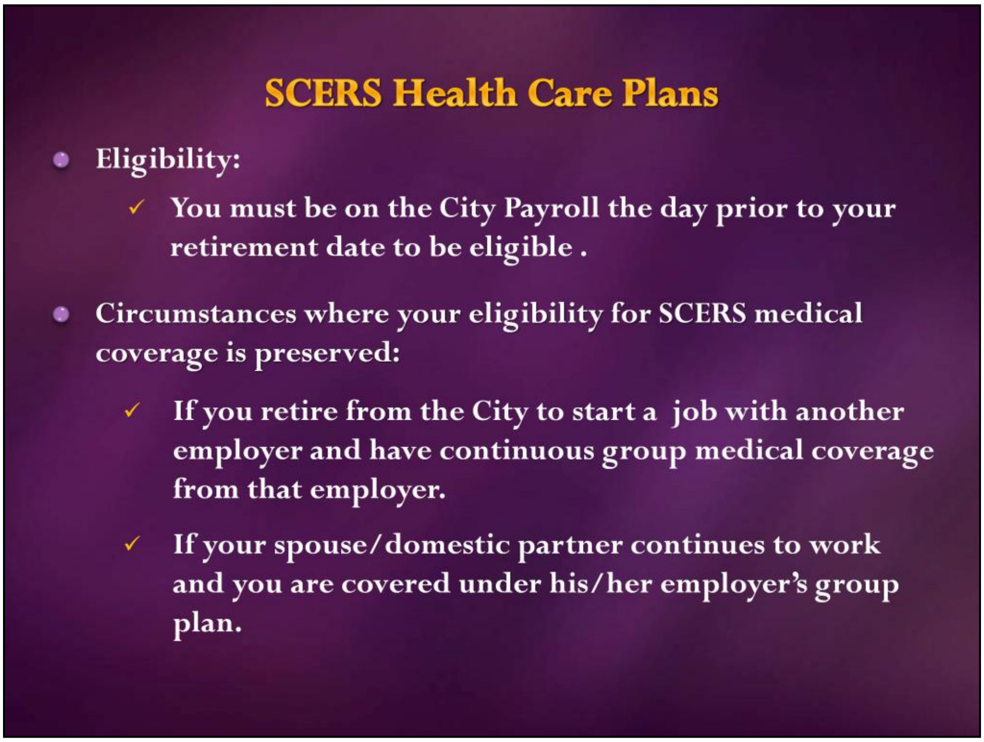


- Some members who are eligible for retirement decide to withdraw all their contributions without realizing that Option G is a better alternative.
- Option G provides you with a one-time lump sum payment at retirement equal to either 50% or 100% of your accumulated contributions <u>plus a monthly benefit</u>.
- Option G must be selected in combination with one of the standard retirement options (A-E).
- A reduced monthly benefit will also be paid to you for life.
- If you selected a G-50, you would receive a lump sum payment equal to 50% of your contributions. You would also receive a monthly benefit in an amount determined by the Option you selected with the G-50. Let's say you combined your G-50 with Option A and designated your wife as your beneficiary. If you die before you have withdrawn all your contributions, the balance will go to your beneficiary in a lump sum.



In this example, you select a G-50 and Option A. Your employees' accumulated contributions plus interest totals $149,860.

- With a G-50, you withdraw 50% of your contributions and receive a lump sum payment of $74,930, leaving an equal amount in your SCERS account.
- Under Option A, you receive a reduced monthly pension of $1,891 for the rest of your life.
- Your remaining contributions of $74,930 will be used up in the monthly payments you receive at a rate of $486 per month over 154 months.
- If you die before you use up all your remaining contributions, a lump sum payment will go to your beneficiary.
- In our example, you die 10 months after you retire. That means you have used up $486 per month for 10 months or $4,860. This will be deducted from your total remaining contributions at retirement ($74,930) and means your beneficiary will receive a lump sum payment of $70,070.

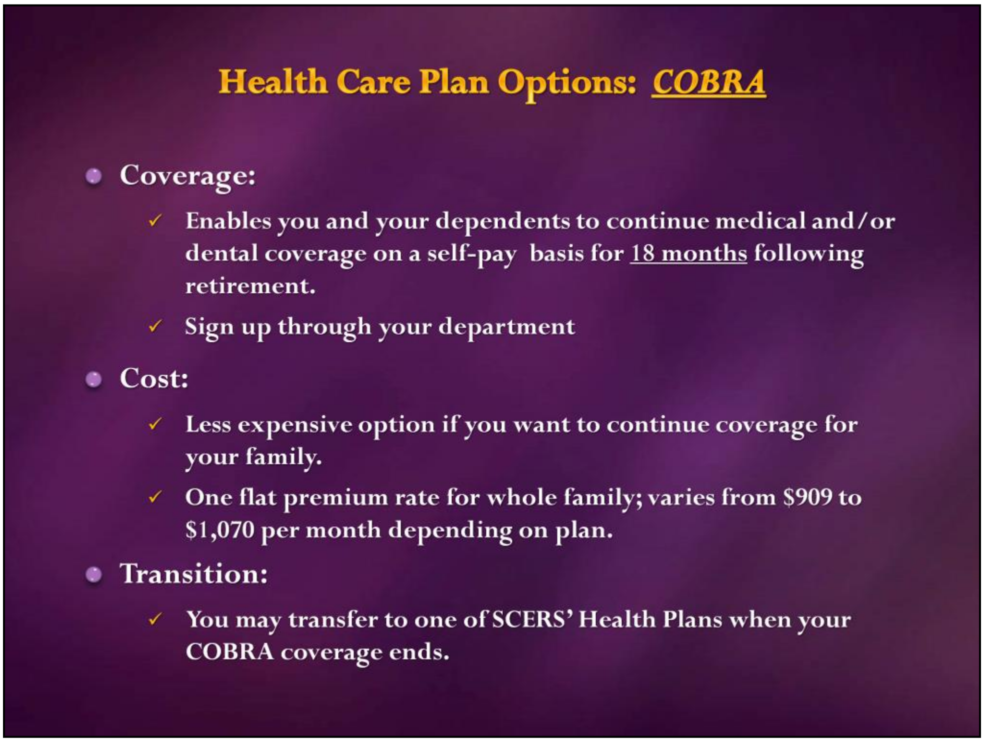


Let's shift our focus now to Health Care when you retire. SCERS offers retirees the option to continue City medical, dental or vision coverage through self-pay premium plans.

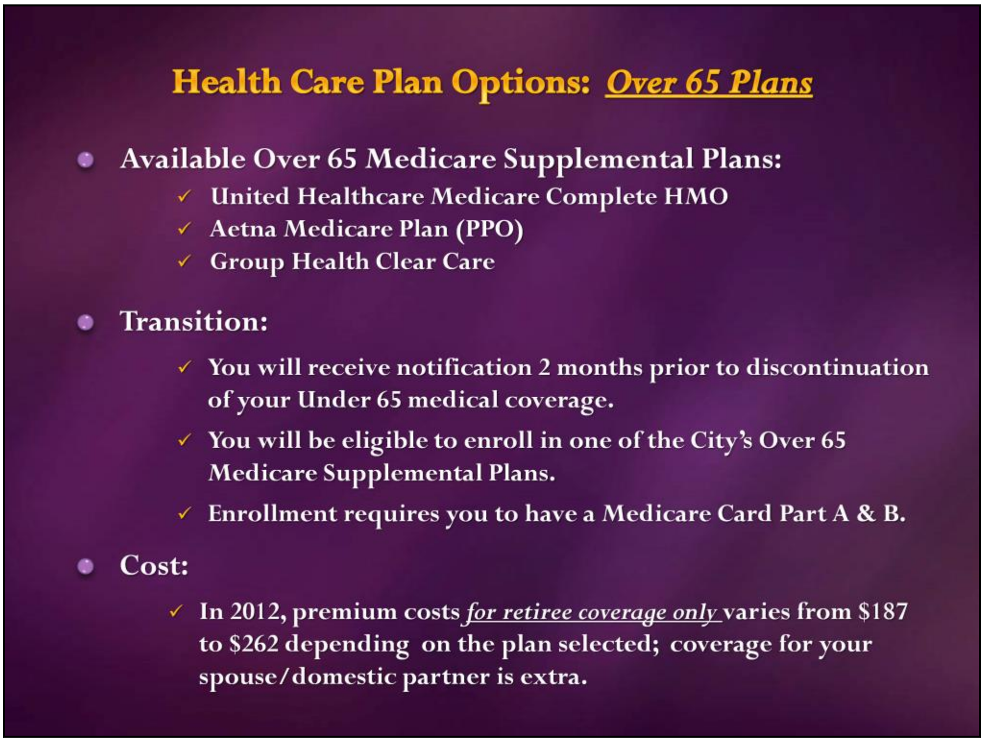
- In order for you to be eligible to continue your medical, dental or vision coverage through one of the City's plans offered to retirees, you must be active on City Payroll the day prior to your retirement date.
- So, let's say you get a layoff notice that you are going to be laid off by the end of the year. You will have a choice. If you are eligible, you could decide to retire and have the effective date be the day after your last day on the payroll. You will be eligible to access the medical plans through SCERS when you retire. However, you may chose instead to go on unemployment and hope that you are reinstated to a City job before your reinstatement period ends. If you are not reinstated and subsequently have to retire, you will not be eligible for health benefits through SCERS.
- There are some circumstances where your eligibility for medical coverage can be preserved:
    - ✓ If you retire from the City to start a job with another employer and you have group medical coverage through that employer, at the point you leave that employer, you may transfer to SCERS medical coverage.
    - ✓ If your spouse/domestic partner continues to work when you retire and you are covered under his/her employer's group plan, you can transfer to SCERS medical coverage once you are no longer eligible for coverage under that plan.

- For those of you who are under 65 years of age, SCERS offers 4 different medical plans:
  - ✓ Aetna Traditional
  - ✓ Aetna Preventive
  - ✓ Group Health Traditional
  - ✓ Group Health Deductible

  You can review the differences in coverage under each of these plans by viewing or downloading them from SCERS' website.
- The cost of these plans are subject to change each year. In 2012, premium costs for retiree coverage only varies from \$435 to \$848 per month depending on the plan selected. The premium will be automatically deducted from your pension check each month.
- There are additional premium costs to cover your spouse or domestic partner and each eligible child.
- Each year the Retirement Office coordinates Open Enrollment in November. This is when you have the option to change plans.



- You have the option to continue your medical and/or dental coverage on a self pay basis for 18 months following retirement through COBRA. If you decide you want to continue your coverage through COBRA instead of one of the plans offered by SCERS, you sign up for COBRA through your department HR office.
- You might wonder why someone would opt for COBRA over coverage through a plan offered through the retirement office. The primary reason is cost.
  - ✓ If you need coverage for someone other than yourself, such as your spouse, domestic partner or child, then COBRA will be cheaper.
  - ✓ Under COBRA, there is only one flat premium rate to continue your City medical coverage for the whole family. In 2012, the premium varies from $909 to $1,070 per month depending on the plan.
  - ✓ As an example, if you want coverage for a family of 3 (yourself, spouse and child) your monthly cost of medical premiums under COBRA would be $1,070; and under SCERS' Aetna Preventative, $1,840, ($770 more per month than COBRA).
- Once your 18 months of COBRA coverage ends, you may transfer to one of SCERS' Health Plans.



SCERS offers different health care plans for retirees over 65 since you will be eligible for Medicare.

- For those who are <u>over</u> 65 years of age, SCERS offers 3 different Medicare Supplemental Medical Plans. These include:
  - ✓ United Healthcare Medicare Complete HMO
  - ✓ Aetna Medicare Plan (PPO)
  - ✓ Group Health Clear Care
- These plans are meant to complement Medicare Part A (hospitalization) and Medicare Part B (doctor's visits). Medicare Part D (prescription drugs) is generally not paid for by SCERS retirees since the Medical Supplemental Plans offered by SCERS have excellent prescription coverage.
- If you are over 65 when you retire, the Medicare Supplemental Medical Plans are the only ones that will be available to you through SCERS.
- If you are under 65 when you retire, you will receive notification from the Retirement Office 2 months prior to your 65th birthday and discontinuation of your Under 65 medical coverage. Don't ignore this. It will include highlights of the 3 Over 65 Plans and the contact number to call to start the process of transition to a new plan.
- MOST IMPORTANTLY, you have to have a Medicare Card Part A & B in order to enroll in one of these plans, so be sure you contact Social Security in advance in order to have your card available.
- In 2012, the premium costs for retiree only medical coverage varies from $187 to $262 depending on the Plan selected. Coverage for a spouse/domestic partner is extra.

The following are Website resources that may be of help to you as you are planning for your retirement.

Questions ?

Contact Us!

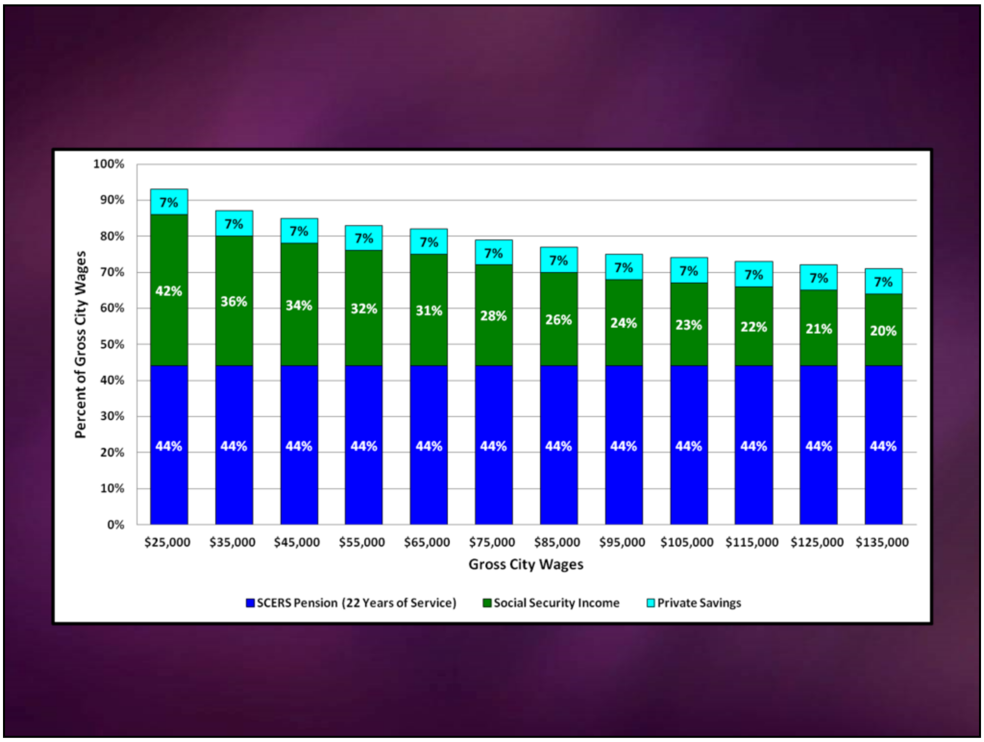
(206) 386-1292 or
1-877-865-0079
retirecity@seattle.gov

This presentation is for informal purposes only and is not intended to be relied upon by any person for personal financial planning. Use of or reliance on this information for any purpose is at your own risk. The Board, SCERS, and any employee thereof make no representations regarding this information and disclaims any responsibility for any and all claims or actions arising out of the use of this information for personal planning.

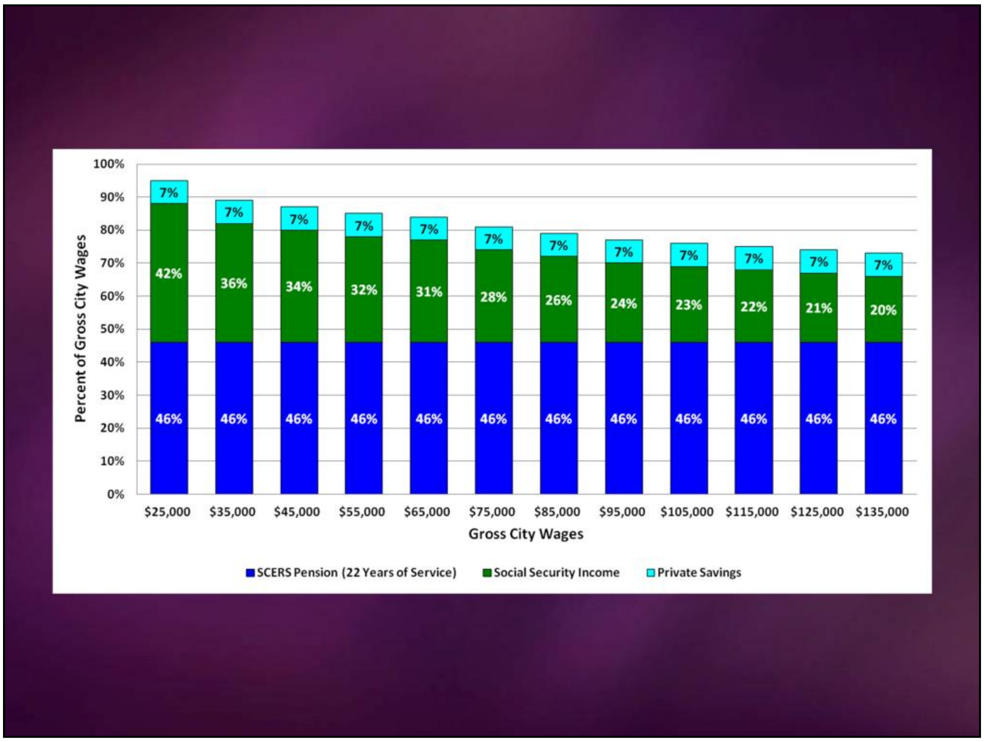
Full Retirement and Age 62 Benefit By Year Of Birth

Year of Birth [1]	Full (normal) Retirement Age	Months between age 62 and full retirement age [2]	At Age 62 [3]			
			A $1000 retirement benefit would be reduced to	The retirement benefit is reduced by [4]	A $500 spouse's benefit would be reduced to	The spouse's benefit is reduced by [5]
1937 or earlier	65	36	$800	20.00%	$375	25.00%
1938	65 and 2 months	38	$791	20.83%	$370	25.83%
1939	65 and 4 months	40	$783	21.67%	$366	26.67%
1940	65 and 6 months	42	$775	22.50%	$362	27.50%
1941	65 and 8 months	44	$766	23.33%	$358	28.33%
1942	65 and 10 months	46	$758	24.17%	$354	29.17%
1943-1954	66	48	$750	25.00%	$350	30.00%
1955	66 and 2 months	50	$741	25.83%	$345	30.83%
1956	66 and 4 months	52	$733	26.67%	$341	31.67%
1957	66 and 6 months	54	$725	27.50%	$337	32.50%
1958	66 and 8 months	56	$716	28.33%	$333	33.33%
1959	66 and 10 months	58	$708	29.17%	$329	34.17%
1960 and later	67	60	$700	30.00%	$325	35.00%

If you were born on January 1st, you should refer to the previous year.
If you were born on the 1st of the month, we figure your benefit (and your full retirement age) as if your birthday was in the previous month. If you were born on January 1st, we figure your benefit (and your full retirement age) as if your birthday was in December of the previous year
You must be at least 62 for the entire month to receive benefits.
Percentages are approximate due to rounding.
The maximum benefit for the spouse is 50% of the benefit the worker would receive at full retirement age. The % reduction for the spouse should be applied after the automatic 50% reduction. Percentages are approximate due to rounding.



100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Percent of Gross City Wages
7%
42%
36%
34%
32%
31%
28%
26%
24%
23%
22%
21%
20%
44%
$25,000
$35,000
$45,000
$55,000
$65,000
$75,000
$85,000
$95,000
$105,000
$115,000
$125,000
$135,000
Gross City Wages
SCERS Pension (22 Years of Service)
Social Security Income
Private Savings



Percent of Gross City Wages
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
7%
42%
36%
34%
32%
31%
28%
26%
24%
23%
22%
21%
20%
46%
$25,000
$35,000
$45,000
$55,000
$65,000
$75,000
$85,000
$95,000
$105,000
$115,000
$125,000
$135,000
Gross City Wages
SCERS Pension (22 Years of Service)
Social Security Income
Private Savings

How Monthly Benefits are Calculated

- Monthly retirement benefits are calculated using your employment information at the point you decide to retire.
  - Age at retirement;
  - Years of retirement service credit; and
  - Your highest 24 ***consecutive*** months of pay.

- Service credit earned while working with a "portable" agency counts toward ***retirement eligibility.*** The highest final pay is used by both portable systems regardless of where it was earned.

- Time off without pay can affect your retirement pension benefits.

Vested

Retirement – Not the same as “termination” or the last day of employment.
Must meet filing deadlines

Accumulated Contributions
Member contributions plus credited interest
Does not include employer contributions

Annuity

Defined Benefit Plan
Benefits are not based on contributions or investment returns
Benefits are based on a specific formula:
- Service (Creditable Service)
- Salary (Average Final Contributions)